

3 Hurdles for Women in Retirement

Today we are going to talk about three hurdles for women in retirement. These are taken from a September 2018 Kiplinger article by Lorraine Ell¹. There comes a point for many women when they are faced with the question, “Can I retire?” They may desire to retire because work has become burdensome, or their spouse is retiring, and they’d like to retire together. It’s critical to understand how retirement affects your finances, because running out of money is a concern. Here are three hurdles that women face when considering retirement.

1. Age and life expectancy

Good news/bad news here. The good news is that women generally live longer than their male counterparts. Women average five more years of life expectancy. The bad news is that over time they may also spend more on healthcare costs. Despite this evidence of a longer life expectancy, husbands and wives often still tend to retire at the same time.

In fact, many women have retired earlier than men, though that may not be in their best financial interest. Those are the key insights of an important new research paper by Nicole Maestas, a professor of healthcare policy at Harvard Medical School. Her study, “The Return to Work and Women’s Employment Decisions,”² is available as a National Bureau of Economic Research working paper³.

Married women tend to be two to three years younger than their husbands, and retire two to three years earlier, the data suggests. That earlier retirement age may seem counterintuitive, Maestas said, quote “since women have longer life expectancies and have shorter careers due to delayed or interrupted labor force participation while raising children.”

Optimally, she said, “women should retire when they have reached an older age than men who may have entered the workforce at the same time.”

2. The amount saved for retirement right now

The second hurdle that women face in retirement is that statistically according to a [Go Banking Rates dot com survey from August of 2018](#)⁵, women save less for retirement than men do. The survey showed that “A nearly equal percentage of women and men have absolutely no retirement savings. But when you combine the percentage with no savings with the percentage who have saved \$10,000 or less, the survey results show that women continue to lag behind men.” This can be directly related to Maestas’ earlier point; that they tend to spend less time in the workforce and earn less when they do. Conversely, they would then have to save a higher percentage than their male counterparts. This is again impacted often by women retiring at a younger age. They simply haven’t had enough time to build up an equal amount of retirement savings².

3. The value of Social Security and pensions

According to the New York Times article from July 2018 entitled, “Women Outlive Men. Why Do They Retire Earlier?”³, women generally earn less than men — about 81 cents on the dollar in 2016 for the median woman, according to the [Census Bureau](#)⁴. That not only means lower lifetime income, but that also may mean lower monthly Social Security benefits. In 2016 filings, Social Security data show, women received \$1,216.62 in monthly benefits, on average, compared with \$1,592.43 for men — a difference of \$375.81 per month³.

So, looking at all three hurdles for women in retirement, we come back to a common refrain: Women will benefit from working longer before retirement. However, that is certainly not a fix for every situation. Working with a financial service professional to examine each of these hurdles can help everyone answer the question “when will I be ready to retire?” Perhaps for their financial situation, working longer is truly the right fit. Every financial journey is unique.

Financial strategies can help women avoid these three hurdles in retirement. It can be essential in the transition from the wealth accumulation era to the spending era of your life. I highly encourage women and men alike to talk with a financial service professional and start to work to avoid retirement hurdles before you encounter them.

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