

# Retirement Readiness Report

Helping older employees get ready to retire successfully

A free report for employers, unions, and pension funds, produced by RetirementWORKS®, Inc.

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Welcome to the fifteenth issue of the *Retirement Readiness Report*, offered as a free resource, to help you think about how your organization supports the transition into retirement.

We encourage you to contact us at any time if you have ideas, criticisms, or other comments about this publication, or wish to update your email address (or be added to or removed from the list).

*If you missed issues #1 thru #14:*

They're available at:

<http://www.retirementworks2.com/support.asp?id=newsletter>

*Next month:*

Retirement issues specifically for men.

## Retirement issues specifically for women

Can we talk?

Retirement tends to work differently for women than it does for men. Many of the differences are adverse to women, especially on the financial side. Others tend to favor them, especially on the non-financial side. But even there, women can get the short end of the stick.

The financial disadvantages of women in retirement are reasonably well known, but it's still striking to see them listed all in the same place:

- Women tend to get lower Social Security benefits, because they are more likely to have had interruptions in their careers, because they tend to pursue careers that don't pay as well, and because even in well-paying careers, they often have suffered in the past (and may still suffer today) from gender discrimination. Social Security can be based on a higher-earning spouse's benefits, but the full benefit does not kick in until the other spouse dies.
- Women tend to get lower defined benefit pensions, for the same reasons they get lower Social Security (but worse, because there is no spousal benefit available without reducing the total benefit).
- Women still tend to live longer than men, and people who live very long lives are overwhelmingly female. This means that their expenses are subject to higher levels of inflation, and that whatever savings they own need to be stretched that much longer.
- Women, because of their longer lifespans, are more apt to end up alone. They are much less likely to have a spouse still around to take care of them if they need help with activities of daily living or other kinds of extended care. That can mean paying out of pocket even for relatively simple assistance.

- Women get lower benefits from individual annuities, if they use such products to insure themselves against “living too long” and running out of money.
- Women are less likely to be the financial managers in a married household, which makes them susceptible to being taken advantage of by a current or ex-spouse, and which also leaves them uninformed and vulnerable when a husband dies.

There are some financial advantages that women have. They are more likely to receive Social Security or pension benefits that someone else (even an ex-husband) earned. And under defined benefit pensions subject to ERISA (and most non-ERISA plans as well), women receive pensions under the same formulas as men, even though most women will live longer than most men, meaning that they get a larger total pay-out during their lifetimes.

But these advantages are modest, compared to the deficits. It would be in the average woman's interest to change places in a

heartbeat with the average man, when it comes to retirement finances.

Some of the disadvantages carry over into the non-financial realm as well.

In particular, as already noted, women are much more likely to have to *give* extended care to a

***“You need to drop the ERISA mindset, and never forget that while employee benefits may be unisex, life is not, and retirement definitely is not.”***

spouse than they are to *receive* it. They are also more likely to give care to family elders, siblings, or disabled children. Caregiving is physically and emotionally draining. It prevents one from pursuing one's own interests, and sometimes even taking care of one's own health. Caregivers are prone to depression, and to physical illnesses that are linked to fatigue and stress. This is a big price to pay.

In addition, to the extent that women are more likely to be the

primary managers of the home, the retirement of a spouse or partner can be even more disruptive than for men. In the stereotypical case where a retiring husband starts spending most of his time at home, the routines, privacy, and household management that the wife has established are thrown into disarray in ways that ripple beyond the 9-to-5 timeframe. And while not all women experience this problem, it is much more common among women than men.

In other ways, though, women are often much better suited to retirement and tend to get more from it. People who study what goes into a “successful” retirement note that relationships – with family, with peers, and particularly with people of a younger generation – are critical to a rewarding, happy retirement. Women tend to reach retirement age (whether they themselves are retiring, or their partners are), with more and tighter relationships than men have.

Men's relationships also tend to be more linked with work than women's relationships are.

Women are likely to have more close friends outside of work than men do, and their friendships with work colleagues are more likely to involve interests and activities beyond the workplace. When men retire from their jobs, their friendships often wither. This is less common among women.

If you delve into the scientific literature, you will find other gender differences in terms of physical and mental health in old age, in spirituality, in options for new romantic or other attachments, in the likelihood of losing one's driver's license or home, and in other areas. Some favor men, others favor women. We have merely scratched the surface here.

All this matters, though, because if you want to do a good job of helping your older employees get ready for retirement, you need to deal with gender differences.

You need to drop the ERISA mind-set, and never forget that while employee benefits may be unisex, life is not, and retirement definitely is not.

This does not mean that you need separate programs for

women and men. On the contrary, it is probably beneficial for each group to understand the issues facing the other group, because most people will find those issues at home – or if not there, then among their friends and relatives in the same stage of life.

But these issues need to be brought to the surface before people retire, so they can make the transition with a clear idea of what they are facing, and that is where you can most help.

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### Recommended Reading for Employees Getting Ready to Retire

*Living Agelessly*, by Linda Altoonian.

\$16.95 (DiaMedica Publishing, 2009)

**Notice:** We do not sell books, or have any financial stake in recommending them.

Linda Altoonian is an advice writer whose column, *Dear Ageless*, appears in the Fort Worth *Star-Telegram*, and is syndicated by the Associated Press. Her background shows itself in this book, which deals with its many

topics briefly, but in clear and impressively useful detail.

In fact, if your employees need practical “how-to” advice on making new arrangements during their retired lives, this is the best source we have found, in terms of organization and pithiness.

It doesn't cover everything – most financial issues, for example, are not there. But Altoonian makes up for it in other areas:

**Health:** she not only discusses the connection between body, mind and spirit in a down-to-earth way, but goes on to give specific, sensible advice about nutrition and exercise. What other retirement book tells you, for instance, how to substitute for cream, cheese, butter, eggs, and unsweetened chocolate in recipes, or gives detailed lists of exercises older people can do to improve strength or balance?

**Enjoyment:** Altoonian deals with equal specificity about making the most out of travel, about the rewards and opportunities of volunteering, and about how to connect with grandchildren.

**Taking charge of one's life:** she also covers every-day but often ignored matters such as age-proofing one's home, when to stop driving (or how to stop someone else from driving), avoiding scams and fraud, being safe while away from home, and conquering depression, fear, and grief.

The final chapter deals with gratitude – which some research shows to be an important correlate of successful aging.

*Living Agelessly* will be of the greatest help to employees who do not need long dissertations to motivate them to do the necessary things, but who want detailed, practical advice on how to accomplish them.

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## Featured Website

### ***Vibrant Nation***

<http://vibrantnation.com/>

This website perfectly fits this month's theme: it's a site specifically for women age 50+.

The purpose of the site is to promote online conversations on topics of interest to individual women

– but which might also be of interest to other women.

It is not a highly structured site. There's a remarkable shortage of menus and there are no pages of links to other sites. VibrantNation (or VN, as they refer to it) is totally focused on promoting personal connections and conversations.

You can read ongoing conversations, you can contribute your thoughts to them, or you can start your own conversations. All of these are very easy to do, once you have gone through a brief registration process.

The existing conversations are categorized, to help you find ones that might interest you, or that might already be covering an area where you were thinking of starting a conversation. There is also a search function, which will help guide you to other conversations that might be of interest.

VN sends out a newsletter by email every week highlighting some of the more interesting and popular conversations currently occurring on the site. This helps keep its members informed and

involved in this virtual community.

Although the site was founded by a 43-year-old man, it is operated on the theory that only women in this age group can fully appreciate the issues that they face.

Whether this is true or not, at VN they do have "a room of their own," and your older female employees may find this just the sort of place where they feel comfortable reaching out for insights and expertise that they might have no other ready source for.

### **About RetirementWORKS<sup>®</sup>, Inc.**

We are the consumer subsidiary of Still River Retirement Planning Software, Inc., of Harvard, Mass., which has specialized in retirement plans and retirement planning since 1994.

Our philosophy is that retirement needs to be viewed from the retiree's point of view, in all of its complexity. So we offer the most powerful and useful financial software available anywhere for retirees and near-retirees, and advice concerning non-financial aspects of retirement. But we do not sell any financial products or services other than software, and have no financial stake in any advice that is offered.

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