

Women and Retirement Planning: What to Do

To enjoy a financially secure retirement free from worry, women may need to put a little more effort into planning for it than men will. There are a number of reasons why. Not only do women in the US, on average, tend to live up to six years longer than men, but they earn less than their male counterparts, are far more likely than men to take breaks from their careers (for example, to raise a family), and are less likely than men to have retirement plans. Based on this evidence, it's not difficult to see why women need to take steps to ensure that they're able to maintain a satisfactory standing of living once they retire. So, as a woman, how can you do that?

For starters, you need to take full control of your situation. Don't leave the planning of your retirement to chance. In addition, while friends and family may offer lots of well-meaning advice, don't rely solely on this. You need to be confident that the arrangements you make will adequately provide for you when you stop working.

To help you do this, think about how you want to spend your retirement years. Do you want to travel? Live closer to your children and grandchildren? Answering these sorts of questions will give you an idea of how much you will need to live on. It will also give you the motivation to start planning to be able to do so.

Take stock of where you are now and how you will achieve your retirement goals. Look at how much you're currently spending, how much debt you have (if any), how much you've saved, and if necessary, whether it's possible for you to cut back on your current spending in order to free up a little spare cash to put aside for your retirement.

Most companies offer employees tax deferred retirement investment plans such as 401(k), 403(b), and 457. These are good investment vehicles which you should take the opportunity not only to invest in, but to contribute as much as you can afford to.

If you're married, and you don't already take an active role in the management of your joint finances, start doing so now. As well as gaining knowledge about any joint financial plans you and your spouse have, taking responsibility for financial arrangements – albeit jointly with your spouse – will equip you with valuable knowledge and experience. Sadly, many couples don't get to enjoy as many years in retirement together as they would wish to, and it can be a confusing, not to mention daunting, task to have to take up the reins and manage the finances once you become a single householder. In addition, discuss with your husband or partner what provisions have been made should he die before you. While this isn't a subject couples find easy to talk about, it's essential that you know so you can plan accordingly for your future.

If you're looking to change jobs, make retirement plans a top priority and consider taking a cut in salary in exchange for a good employer-sponsored pension plan. Look for employers that will match part or all of an employee's pension contributions.

Retirement planning doesn't end once you stop working. You also need to plan during your retirement years. As you'll likely to be retired for 20 or 30 years, you'll need to consider how to maximize your financial resources during this time. Developing a little financial know-how will help you manage your resources, such as rental income or long-term stock investments, during your retirement. While you don't need to acquire an in-depth knowledge of all matters financial, reading anything you come across in the national newspaper, particularly its financial section, relating to your particular circumstances could be very useful.

Regardless of how far away your retirement is, don't wait until tomorrow to start planning for it. Take steps today so that when the time comes you'll be able to continue living comfortably without the worry of how to pay the bills.

Here, on our website you will find articles about 401(k) and financial calculators that could make your retirement planning easier.

Source: US Women's Bureau and the National Committee on Pay Equity, 2007