



Why Retirement Planning Is So Vital for Women

They face a heightened retirement savings challenge.

How critical is it for women to build retirement savings? At least as critical as it is for men, perhaps more so because of two factors.

Women have a longer life expectancy than men. That fact alone underlines the need for comparatively greater retirement savings. One Aon Hewitt research study projects that a woman will require a nest egg equivalent to 11.5 times her final salary to have an adequately funded retirement starting at age 65 (a man will need 10.6 times his final pay). It's estimated that only 17% of women will have that much in retirement assets by that age.¹

A woman may spend much of her retirement alone. A quarter of American women aged 65-74 are widows, while others are alone by choice. Household expenses are rarely halved after a divorce or a spouse's death, and a woman's financial survival may depend entirely on her degree of retirement planning. Social Security survivor benefits may prove insufficient: if a spouse files for Social Security at 62, the survivor's benefit for the longer-lived spouse will be up to 30% smaller than if the claiming decision was made at Full Retirement Age.^{1,2}

Women must save consistently, and save as much as possible. Their retirement may last longer than they anticipate, and their money needs to last as long as they do.

This material was prepared by LPL Financial.

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