

NEW FROM THE

# Women's Wealth Initiative

## Bridging the Retirement Savings Gap



Is saving for retirement a priority for you? Are the women in your life saving too? The sad truth is women save less for retirement than men overall. According to a recent report<sup>1</sup>, only 73% of women are saving for retirement, compared to 82% of men. When it comes to an employer's retirement plan, women tend to contribute 7% of their annual salary, while men contribute 10%.

These discrepancies are likely due to the still existent gender pay gap (women earn 80.5% of what men earn), the fact that women are more likely to spend time out of the workforce to care for children and/or elderly parents, and the reality that women are twice as likely as men to work part-time.

Despite these factors, it is as important as ever for women to be prepared for retirement. How can we bridge this savings gap and empower women to be better prepared? Let's review a few important steps to consider that can help women – and everyone – actively prepare for retirement.

## Five Steps for Women to Prepare for Retirement

**1 Envision your ideal retirement** Make a list of what is important, including goals, hopes, and dreams. These could include travel, paying for grandchildren's education, or a desire to give to charity. Writing goals down makes it easier to sacrifice today in order to achieve dreams tomorrow.

**2 Determine spending habits and create a budget** Without a budget it is easy to feel like money is always tight and that there is no extra to save. Track spending for a few months, and then review how much is spent in each category (housing, transportation, food, fun and entertainment, etc.). By making small changes, such as giving up a morning latté, additional monies are available for savings.

**3 Set a good foundation** Before saving, it's important to build a strong foundation to prepare for unforeseen circumstances, such as unemployment, death or disability, separation or divorce. Having emergency savings in place, and adequate life and disability insurance coverage, can prevent a difficult life event from derailing even the best budget.

**4 Start saving now and don't be afraid to start small** Take advantage of an employer's retirement plan, such as a 401(k) or 403(b). Make contributions through automatic payroll deductions and contribute enough to capture any matching contributions. Allocate part of any raises to an increased retirement contribution.

**5 Talk with a professional to turn your goals into a plan** Meet with a qualified financial advisor to develop an individual plan that is realistic and makes sense for you. Creating a plan, monitoring it, and adjusting it over time can make a real difference in your future.

<sup>1</sup> Here and Now: How Women Can Take Control of Their Retirement (Select Findings from the 18th Annual Transamerica Retirement Survey of American Workers) (March 2018). Transamerica Center for Retirement Studies.

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