

How Women Are Planning Their Financial Futures

From assorted survey data, an interesting snapshot emerges.

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Women are taking action to approach retirement with greater confidence. Some recent, intriguing survey data indicates that women are planning their financial futures with some degree of pragmatism, but also with considerable motivation.

One of the key motivations, it seems, is receiving financial advice.

Results from a new TIAA-CREF survey (and other studies) bear this out. The retirement services giant polled a random, national sample of 1,000 men and women age 18 and older for its 2014 Advice Matters Survey, and it found that 81 percent of women who had obtained financial advice were more likely to feel informed about retirement planning and retirement saving than women who hadn't. Additionally, 63 percent of women who had received financial advice felt confident that they were saving sufficiently for retirement.

What kind of difference does financial advice make? A significant difference, it seems. In the big picture, 87 percent of the women surveyed by TIAA-CREF this summer said they had taken “positive steps” in their financial lives as a consequence. In particular, 64 percent altered spending habits and 53 percent took an organized approach to managing debt.

In addition, 51 percent of the women had created an emergency fund and 57 percent had increased monthly saving rates since getting advice – and that leads us toward another interesting statistic.

One study suggests women are more dedicated to retirement saving than men. Looking back at 2013, Vanguard discovered that 79 percent of women earning between \$50,000-75,000 were participating in its employer-sponsored retirement plans; only 60 percent of men in that income group were.

Another notable difference appeared, this one across all income levels. Examining data from all of its retirement plans, Vanguard found that women saved for retirement at rates ranging from 6-12 percent greater than men. The message that women need more money for (a potentially longer) retirement than men is being heard loud and clear, it seems.

Where are women getting their financial advice from? TIAA-CREF's survey asked this question, but it only counted online sources. Back in 2012, 20 percent of women in TIAA-CREF's 2012 survey said they went to financial websites for advice; this year, that rose to 41 percent.

Most telling is that 49 percent of the women TIAA-CREF polled felt that it would be helpful to turn to a real person online with their basic personal financial questions. In fact, 61 percent of women respondents in the survey reported relying on financial services providers (and presumably, the financial professionals who work for them) for advice.

Still, 66 percent of the women answering TIAA-CREF's questions indicated that it was hard for them to determine what sources of financial advice to trust. (That was across all women surveyed, including those who had not sought advice.)

Women may put more importance on long term care planning than men. Or so suggests Genworth's 2014 Online Consumer Survey. The insurer collected responses from 1,200 plus U.S. adults age 18 and older during October, and 64 percent of women respondents said they were motivated to plan for long term care needs. Only 40 percent of men responding said they were concerned about that. Even so, Genworth discovered that less than 30 percent of respondents had talked with their loved ones about planning for eldercare or aging issues.

Long term care insurance is getting costlier as the baby boom generation matures, and it may get more expensive for women in the near future than for men: as Morningstar columnist Mark Miller recently noted, gender-based pricing is quickly emerging and may become standard practice.

Single women need to plan & save aggressively for the years ahead. The Transamerica Center for Retirement Studies recently surveyed American workers 50 and older and found that the median retirement savings for single women was only \$35,000. (For single men, the median was \$70,000; for married women, it was \$153,000.) Women living alone anticipated a financial struggle: 48 percent of those surveyed believed they would retire to a lower standard of living, and 52 percent assumed their main income resource would be Social Security. Perhaps most troubling, 56 percent of these single women expected to work into their seventies or never retire.

The takeaways here for a single woman: save early, save consistently, exploit Social Security claiming strategies for any potential advantage, and find a social support network that can help you look after yourself as you age.

Advice promotes action. As you amass financial knowledge, you gain perspective. When you run the numbers and estimate the level of retirement savings and income you will need, you are able to set goals and timelines for your financial future. Planning the financial future starts with a commitment – and following through on that commitment is critical.

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