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Women More Likely to Lag in Retirement Savings

More than 60% of women respondents reported retiring earlier than planned, with two thirds of this group doing so for reasons outside of their control.

Dec. 27, 2022



Many American women are struggling to save adequately for retirement in the face of a financial vortex of competing responsibilities, according to the Goldman Sachs Retirement Survey & Insights Report 2022, *Navigating the Financial Vortex: Women & Retirement Security*. Notably, more than 60% of women respondents reported retiring earlier than planned, with two thirds of this group doing so for reasons outside of their control.

Americans face a financial vortex of competing financial priorities from life events, family issues and sudden emergencies throughout their working years. The vortex can have a significant impact on the ability to save for retirement – particularly for women, who report more often than men that other responsibilities negatively impact their savings efforts.

“Women generally feel more anxious about their retirement savings – a concern that our report finds often can be warranted,” said Padi Raphael, global head of third party distribution at Goldman Sachs Asset Management. “Personalized education and advisory services can help plan sponsors to support their diverse employee populations in inclusive ways, addressing specific retirement savings needs.”

According to the report, more women (50%) than men (35%) said their retirement savings are behind schedule. Furthermore, 24% of women said they were “very behind schedule,” compared to 14% of men. While nearly half of women (47%) said they felt on track or ahead of schedule, substantially more men (64%) responded similarly.

While 50% of men said they retired earlier than planned, that percentage rose to 61% for women. Only 15% of women said they retired because their “savings were sufficient to fund my retirement” versus 25% of men. The 66% of women who retired for reasons outside their control most often cited health reasons (29%), to take care of family (16%), or that their job was no longer available (15%).

Similarly, working women were less confident that they would achieve their retirement saving goals: just 14% of women said they were “very confident,” compared to 27% of men. Instead, 33% of women reported concern that they will not be able to meet their retirement goals, versus 19% of men.

American women live three years longer on average than men¹ and thus can be expected to require more savings for a comfortable retirement. Of retired women, however, 58% reported that they receive 50% or less of their pre-retirement income, including Social Security, relative to 44% of men. Notably, only 20% of women

reached 70% of their pre-retirement income, relative to 30% of men who reached this amount.

Costly Time Out of Workforce

Time out of the workforce to care for children or elderly family members is an important factor that contributes to the financial vortex for many women. For example, two four-year periods out of the workforce (one mid-career and one later) can reduce retirement savings up to 35%.²

“Women more often than men are forced to work part-time, spend time out of the workforce to care for young children and elderly family members, and juggle other financial priorities during their careers,” said Candice Tse, global head of Strategic Advisory Solutions at Goldman Sachs Asset Management. “This can make their journey to retirement more difficult and incredibly personal.”

While 69% of retired women reported that they manage their own retirement savings (versus 63% for men), women expressed quite a bit more discomfort in doing so: 63% reported stress or anxiety, compared to 52% of men, and 31% called it “very stressful,” versus 20% of men.

“These statistics reveal the deeply human nature of the decisions that at times require women to prioritize family, caregiving or health related issues over their financial futures, said Jennifer Huisking, vice president at Goldman Sachs Personal Financial Management. “For these women, financial confidence comes from having clarity about their financial resources and acting where they have control. A financial advisor can help them take a full inventory of what they earn, spend, save and owe and create a plan to define their priorities and move towards the outcomes they seek.”

Top Concerns and Need for Guidance and Advice

Top concerns working women reported in preparing for retirement were “having sufficient savings” (51%), “inflation” and “leaving a steady paycheck” (48% each) and “healthcare needs” (41%). Women were more inclined to report concern with “leaving a steady paycheck” than men (48% versus 38%).

Topics for which women responded that they wanted guidance or advice included understanding how long savings would last (34%), how to adjust retirement saving if it’s not on track (33%), retirement saving strategy (e.g., how much to save) (32%) and generating retirement income (32%).

“Women tend to focus on the key issues necessary for them to build a secure, successful, long-term retirement,” said Ms. Tse. “This highlights that, when providing advisory services for women, it is important to be clear, direct and stay focused on their core needs.”

During this year’s surging inflation, market volatility and COVID-19 pandemic recovery, 45% of women and 37% of men reported decreased overall spending. More women than men withdrew from emergency savings (24% to 17%). From an investment perspective, 31% of men reported moving to a more conservative asset allocation, compared with 21% of women.

Despite added complexity in managing retirement savings over their careers, women were less likely than men to use outside resources for help (e.g., employer programs, financial advisors). Yet, more women (46%) considered it very or extremely important to receive financial advice (relative to 40% of men). Family members were the top source of this advice for women.

“The difference in utilization of these resources highlights the gap in retirement advisors being able to meet women where they are,” said Chris Ceder, senior retirement strategist at Goldman Sachs Asset Management. “Personalized saving and investing strategies can enhance confidence in long-term success, particularly for women.”

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