

Women & Pensions: What You Need to Know

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Why do I need a pension?

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Does my employer have a pension plan?

Employers do not have to set up pension plans for their workers and many do not. Although there are many reasons why employers do not have plans, if yours does not, it could be because no one has asked for one.

Am I included in the plan?

Pension plans are not required to include all workers. If your employer has a plan, check with the person running it to be sure your job category is covered and that you are a plan member.

Have I worked long enough to earn a pension?

If you are a plan member, you need to find out if you have worked long enough to earn benefits. Most plans now provide benefits after 5 years of work, but there are many that still require 10 years or more to become “vested.”

How much my pension will be?

Plans commonly figure the dollar amount of a pension by multiplying the number of years that you have been a plan member by a percentage of your earnings. However, some company plans use formulas that reduce the benefits of workers who leave a plan earlier in their careers.

Will my pension be in addition to my Social Security benefit?

Many company plans subtract part of their employees' social security benefits from their pensions. This practice results in the payment of much larger pension benefits to higher-paid employees than to those earning less.

What happens to my pension if I retire early?

If your plan lets you collect your pension at an early retirement age, your monthly benefit will probably be much smaller than the benefit you could receive at age 65. This is because by starting earlier, you will receive payments for more years.

What happens to my pension if I change jobs?

In most cases, your pension will stay in the plan until you reach retirement age. Some plans allow you to take your money out in a lump sum after you leave your job, but they are not required to do so.

What happens to my pension if I die?

If you die, your husband will receive half of your company or union pension when he reaches retirement age, unless you both have agreed in writing to give up this protection. If you are in a

government plan, there may be different rules.

Will my husband receive a pension benefit? If he dies, will I receive a benefit from his pension?

Under the federal pension law, traditional company and union pension plans must provide a survivor's benefit to the wife if the pension participant dies first. The survivor's pension can only be given up if the wife gives her permission in writing. Different rules apply to certain other retirement plans, such as 401(k)s. If your husband worked for a federal, state or local government, then you must find out what that government organization's laws require.

Do I have pension information from all of my jobs?

If you are working under a company or union pension plan or have earned a benefit from a previous plan, you can ask for a statement detailing the amount of your benefits. Also, when you apply for social security, you will be told about any pension benefits you have earned. Government plans also usually provide information about pension benefits.

Do I contribute to a 401(k) or other retirement savings plan?

A growing number of employers offer voluntary savings plans, such as 401(k)s, to their employees, either to supplement or substitute for a pension plan. These plans typically allow you to reduce your taxable income by the amounts you contribute, and many offer matching contributions by employers.

How much my Social Security benefit will be?

You can get a free estimate of how much your social security benefits will be by calling the Social Security Administration at 1-800-772-1213.

[\[back to top\]](#)