

10 Ways Women (and Men) Can SAVE Themselves from Retirement Shortfalls!

1. Save More. Most people do not think about financial matters from a long-term perspective so they do not estimate how much money they will need for retirement, or if they do, they vastly underestimate how much they will need.

2. Accept that you will probably live longer than you expect. Individuals are expected to manage their own retirement funds. Many will plan for the average life expectancy, not realizing that this means that half of the people will live longer. The big risk for women is that they will outlive savings.

3. Learn about various sources of retirement income. Workers misunderstand what their primary sources of income will be in retirement. Social Security is the most important source of income for many people, but before retirement, they tend to vastly underestimate its importance.

4. Learn how to manage your retirement savings plan. Due to the growth of retirement savings plans such as 401(k) and 403(b) plans, workers are now responsible for managing their investments. Most workers lack basic financial knowledge but need to become experts about work benefits.

5. Look for good advice. A significant portion of retirees and pre-retirees do not seek the help of a "qualified professional." Yet, while they indicate a strong desire to work with a professional, most ask friends and family for advice.

6. Don't count on working. Plan early! Many workers will retire before they expect to, and before they are ready. Nearly four in ten people retire due to poor health, caring for a family member, or job loss.

7. Deal with inflation. Inflation is a fact of life that workers usually deal with through pay increases. After retirement, it is up to people to manage their own assets, or secure guaranteed income. Few people have the skills to manage income to keep up with inflation.

8. Face facts about long-term care. Many people underestimate their chances of needing long-term care. Relatively few people either own long-term care insurance or can afford to self-insure a long-term care situation.

9. Provide for a surviving spouse. Many married couples fail to plan for the eventual death of one spouse before the other and the resulting drop in income at the time of widowhood. Many more single women live in poverty in old age.

10. Make your money last for a lifetime. People often pass up opportunities to get a lifetime pension or annuity, failing to recognize the difficulty of making money last for a lifetime. People say guaranteed lifetime income is important, but in practice they usually choose a lump sum.

This checklist is drawn from the work of the Committee of Post-Retirement Needs and Risks of the Society of Actuaries and the content and recommendations in the report, "Public Misperceptions about Retirement Security," published by LIMRA International, Inc., the Society of Actuaries, and Mathew Greenwald & Associates, Inc.