

## P L A N N I N G   T I P S

Memo to Professional Women:  
Own Your  
Retirement Security

## Overview

The MetLife Mature Market Institute, in collaboration with the Women's Institute for a Secure Retirement (WISER), conducted a survey of executive women ages 45 to 70. The survey, *The MetLife Study of Finances and Female Executives*, identified their experiences, level of confidence, and concerns about personal financial matters.

The women surveyed are actively engaged in managing their financial planning, household finances, and investments. Most save for retirement through 401(k) plans or IRAs, and have savings outside of retirement accounts as well. The majority have experience working with a financial advisor, although they also rely heavily on their own instincts and financial expectations when making decisions.

Yet, despite advanced education, breaking through workplace barriers, and earning higher than average incomes, many of these women have significant concerns about their future retirement income security. The study identified gaps in their planning that they can address to improve their future financial outlook. This tip sheet identifies the concerns and gaps, and offers ideas for action to help executive women embrace the notion that they can and should take ownership of financial security for retirement.

## Survey Findings: Future Retirement Security Gaps

### Concerns

- 62% fear they may never have enough money to retire.
- Nearly half (49%) fear they will outlive their retirement income.
- About half (46%) fear they won't have enough money to cover health care expenses.
- One-third worry they may become a burden on their families as they age.

### Potential Risks

- Less than half (48%) carry disability insurance coverage.
- Just 18% of the women surveyed carry long-term care insurance coverage.



### Envision Your Retirement

- What might be most important to you as you begin retirement?
- Where do you see yourself investing your time?
- What are the things that will bring you the most fulfillment in retirement?
- How much income will you need so that you and your family will enjoy the lifestyle you want throughout your retirement?

Factor in unexpected costs such as health care and inflation. A good starting point: consider what portion of your income you'll need to maintain your current lifestyle after retirement — experts typically place it at about 80% of current income as a starting point.

### Save More Now for a Retirement Income Later

- Aim to maximize your 401(k) contributions each year. Check the current maximum allowable amount for yourself, as well as potential employer contributions, and adjust your contributions accordingly. If you are age 50 or over, you can contribute an additional \$5,500, known as the “catch-up contribution” limit.
- If you are participating in an IRA, you can generally contribute up to \$5,000 a year and an additional \$1,000 if you are age 50 or over.
- If you feel you cannot contribute more because of spending demands, take a look at how you spend your money. See what you can cut back on now that will enhance your financial security later. For help tracking expenses, see the WISER Web site ([www.wiserwomen.org](http://www.wiserwomen.org)) for tips on money management.

### Consider How You Can Create Income

#### Social Security

The survey indicates the majority of executive women surveyed plan to retire at age 66. This may be the year of receiving full Social Security benefits for many respondents.

- Consider working even a year or two longer. It could have a big impact on your personal financial outlook. A worker can continue to earn, save, and increase their pension resources while also growing Social Security benefits.
- Determine whether it may be in your best interest to work a little longer and receive a larger monthly Social Security payment. Find out what your Social Security benefit will be at the age you plan to retire by visiting [www.ssa.gov](http://www.ssa.gov).

#### Defined Benefit Pension Plan

Nearly half (46%) of respondents report they participate in a defined benefit pension plan which can pay out a steady stream of guaranteed income over their lifetime.

- Contact the human resources office of the employer that sponsors (or sponsored) your pension plan. You can request a statement of estimated benefits. You can also find out if you are fully vested in the benefit, and what distribution options are available.

#### Creating Additional Income

If you do not have a pension or cannot create sufficient income with your Social Security and pension to meet your monthly expenses and lifestyle needs, perhaps you want to create additional lifetime income.

- Speak with your financial advisor to discuss the option of using a portion of your 401(k), 403(b), or savings to create an annuity to provide a guaranteed stream of income. There are various annuities based on your timeframe to retirement and your circumstances. For more information, visit the “Retirement” area at [metlife.com](http://metlife.com).

## Protect Yourself from Risks

### Disability Insurance

The survey indicates that executive women may be exposing themselves to undue financial risk by not carrying the right kinds or adequate amounts of insurance. More than half are exposed to the risk of losing income from an illness or injury that causes them to be out of work for a potentially extended period.

Disability insurance helps protect against that loss by replacing a percentage of previous income when they become disabled through illness or injuries that are not job-related.

- Many employers offer disability insurance, so find out what is available through work, then consider what additional coverage or primary disability insurance you might need.

### Long-Term Care Insurance

The survey also shows a gap in long-term care insurance coverage, with just 18% of respondents holding a policy. Seventy percent of the over-65 population will need some form of long-term care services.<sup>1</sup> The cost is significant — a year in a private room in a nursing home today averages over \$83,000<sup>2</sup> — and Medicare coverage is limited.

Long-term care insurance pays for services that people need as they age or experience health problems that limit their ability to feed themselves, get dressed, or take care of household chores. Depending on the coverage, long-term care insurance may provide coverage for these services at home, in an assisted living facility, or in a nursing home.

- Check with your employer to find out if long-term care insurance is an employee benefit. If not, check into private long-term care insurance. The earlier you commit the better, since the younger you begin the coverage the lower the policy cost.

### Life Insurance

The majority of respondents (84%) carry life insurance. However, it is protection they most likely all need, especially if they have families that depend on their income for financial security. If you have a life insurance policy it will pay a benefit to your family that can be used to replace your income and protect their financial security in the event of your death.

- Check to see if you have access to life insurance through your employer.
- It's important to ensure you have the right amount of coverage. For those who already have life insurance, review your coverage periodically to ensure it still meets your needs.

## Survey Findings: The Affects of Caregiving

### Concern

- 30% of respondents care for an elderly parent or relative.

### Potential Risk

- The impact of caregiving on retirement income security can be significant.

### Ideas for Action

The rate of providing care to a relative is high among this group — 30%. According to the National Alliance for Caregiving, 68% of those who provide care to recipients over age 50 often make work accommodations to manage their caregiving demands.<sup>3</sup> They go in late, leave early, or take time off during the day. Consequences include lost opportunities for compounded returns on 401(k) matching contributions and a reduction in savings and investing.<sup>4</sup>

Many caregivers have a burden that takes a toll physically, emotionally, and financially.<sup>5</sup> If you fall into this category, take advantage of resources that can help ease the burden:

- Check with your employer to determine whether the company offers eldercare benefits.
- Contact the Eldercare Locator ([www.eldercare.gov](http://www.eldercare.gov)), sponsored by the federal Administration on Aging, to put individuals in touch with local services and resources.
- Family Caregiving 101 ([www.familycaregiving101.org](http://www.familycaregiving101.org)), to help deal with the challenges.
- Family Caregiver Alliance ([www.caregiver.org](http://www.caregiver.org)), to assist you in finding local resources.
- MetLife Mature Market Institute ([www.maturemarketinstitute.com](http://www.maturemarketinstitute.com)), provides state-by-state costs of care, including adult day services, home health care, nursing home, and assisted living communities.

## Additional Resources

- MetLife: [www.metlife.com](http://www.metlife.com)
- *What Today's Woman Needs to Know and Do*: [www.MatureMarketInstitute.com](http://www.MatureMarketInstitute.com)
- National Alliance for Caregiving: [www.caregiving.org](http://www.caregiving.org)
- *WISER Special Report: Long-Term Care Insurance*: [www.wiserwomen.org](http://www.wiserwomen.org)
- Life and Health Insurance Foundation for Education: [www.lifehappens.org](http://www.lifehappens.org)
- *The MetLife Study of Finances and Female Executives*: [www.MatureMarketInstitute.com](http://www.MatureMarketInstitute.com)

## Endnotes

1 U.S. Department of Health and Human Services National Clearinghouse for Long-Term Care Information. [www.longtermcare.gov/LTC/Main\\_Site/Paying\\_LTC/Costs\\_Of\\_Care/Costs\\_Of\\_Care.aspx](http://www.longtermcare.gov/LTC/Main_Site/Paying_LTC/Costs_Of_Care/Costs_Of_Care.aspx)

2 MetLife Mature Market Institute (2010). The 2010 MetLife Market Survey of Nursing Home, Assisted Living, Adult Day Services, and Home Care Costs.

3 National Alliance for Caregiving. *A Focused Look at Those Caring for Someone Age 50 or Older. Executive Summary*. November 2009.

4 WISER. *Special Report: Caregivers: Care for Yourself While Caring for Others*. 2009

5 National Alliance for Caregiving. *A Focused Look at Those Caring for Someone Age 50 or Older. Executive Summary*. November 2009.

## The MetLife Mature Market Institute®

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## WISER

The Women's Institute for a Secure Retirement works to provide women at all income levels (aged 18 to 70) with basic financial information aimed at helping them take financial control over their lives and to increase awareness of the structural barriers that prevent women's adequate participation in the nation's retirement systems. [www.wiserwomen.org](http://www.wiserwomen.org)

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