Preparing for retirement isn’t just about saving money (though that is a very important part!) It is about knowing what you will need in retirement and then creating a plan that will help you get there. And there are plenty of tools that can help.

When creating your retirement plan, the first step is to think about how long you have between now and when you retire, and to also take a good guess at how long you think your retirement will last. No one can ever know for sure how long they will live, but consider your own health and family history and make your best guess. Women live longer than men, on average. This “longevity risk” means women risk outliving their savings, inflation, and unexpected health care needs.

The next step is knowing what income sources you will have. If you have a traditional pension, contact your HR manager to get a benefits estimate. Look at your savings, 401(k) statements, and any other retirement savings plan statements such as Individual Retirement Accounts (IRAs) to find your current balance.

With this information, you are now ready to estimate your income needs in retirement and figure out how much you will need to retire without running out of money.

**Getting to the number: How big of a nest egg do you need?**

Most people don’t think they are up for the task. In fact, the Employee Benefit Research Institute (EBRI) finds in its annual Retirement Confidence Survey that 42% of people determine their retirement savings needs by guessing.

Some people might feel that knowing ‘the number’ is too scary. But as it turns out, figuring it out may make you more confident. According to EBRI’s research, workers who have done the math are far more confident about achieving their goal than those who haven’t. Knowing your goal is better for your prospects and your psyche.

There are plenty of free tools and calculators available to help you figure out your goal. Here are some examples to help you get started:

**360 Degrees of Financial Literacy’s Retirement Planner**

If you’re interested in estimating your needs without filling in lots of information, consider this tool developed by the American Institute of CPAs (AICPA). This Retirement Planner (pictured on page 4) asks for a handful of numbers (age, income, how much you’ve saved so far, etc.) and produces a quick chart of where you are and where you need to be. A total goal for the amount of income you will need in retirement is provided. You can play around with the numbers and create different scenarios to see how, for example, retiring later, could affect your goal.

This site also has has a Retirement Income calculator. It determines how much monthly income your current retirement savings may produce. To try it yourself, go to www.360financialliteracy.org, and click on Tools.

**Retirement Roadmap Tools and Calculators continued on page 5**
Dear Reader:

Women need to make many decisions as they near and reach retirement, and they need to be careful about making those decisions. Women are twice as likely as men to end up poor in old age, which means they can least afford to make mistakes.

While risk is an inevitable part of retirement planning, educating yourself about these risks and your different options can help you make better choices.

In this issue, we’re providing information, tools, and resources to help you minimize your risk and take charge of your retirement planning. There is no better time to start than right now!

Cindy Hounsell
President

The Women’s Institute for a Secure Retirement

Starting in February 2012, the Social Security Administration (SSA) resumed mailing benefit statements to workers age 60 and older who are not currently receiving any of their Social Security benefits. Annual mailings to all workers were suspended beginning in April 2011 as a cost-cutting measure, but the paper statements will now resume for these older workers. The SSA also plans to launch an online statement service later this year, available to all workers age 25 and older.

WISER is Helping Seniors Avoid Scams

Older adults represent 12% of the U.S. population, but make up 35% of all fraud victims. A new toolkit can help you educate seniors on how they can protect themselves. Savvy Saving Seniors: Steps to Avoiding Scams was developed by the National Council on Aging, in partnership with WISER and Bank of America Charitable Foundation. It includes a presentation, training guide, participant handbook, and more that you can use to hold a workshop for seniors in your community. Visit: http://www.ncoa.org/enhance-economic-security/economic-security-Initiative/savvy-saving-seniors.html

Attention Pension Benefit Guaranty Corporation (PBGC) payees!

If you are 55 or older and enrolled in a qualified health plan, you may be able to receive the Health Coverage Tax Credit (HCTC) to help cover a portion of the cost of your family’s monthly health care premiums. An individual may receive the tax credit each month or at the end of the year for as long as they continue to meet eligibility requirements. To find out more, you can call the HCTC Customer Contact Center at 1-866-628-4282 (TTY/TDD users, call 1-866-626-4282); check out www.pbgc.gov; or visit www.irs.gov and search “HCTC.”

Housing Help Hotline

The National Community Reinvestment Coalition operates a free-of-charge national hotline designed to connect older adults and their families to local housing counseling services. Their Housing Counseling Network assists older adults with basic money management and debt counseling, foreclosure prevention, and understanding reverse mortgage options. Call 1-800-475-NCRC.
Most people know divorce can be emotionally difficult, but many do not realize that it can be financially devastating as well. Loss of an ex-spouse’s income will hit hard, but did you know that a woman’s credit can also be damaged? This is especially true for women who take their husband’s name. That’s a lot of us; 90-95% of women take their spouse’s last name. Many women simply go along with tradition, while others see it as a romantic or even practical gesture. But changing your name back if you divorce is not easy, and the financial implications may surprise you.

So What’s in a Name? For Starters—Your Credit!

Your credit history lists all of your credit accounts (credit cards, auto loans, mortgages) and identifies how long you’ve held the accounts, your payment history, and how much debt you carry compared to how much credit is available to you. From your history comes a credit score — a number between 300-850 that identifies your credit worthiness. The higher your score, the better you look to lenders and the more favorable the terms for future credit.

While some states have ruled against allowing employers to look at credit scores, many use credit scores when hiring as one measure of a potential worker’s stability. Your score may also be examined for opening accounts with phone carriers, utility companies and insurers.

When you take your spouse’s last name at marriage, you are only building credit under that name. Take Laura Davis as an example. She and Jeff were married for almost 20 years before they divorced. Laura Davis was her married name. Laura Stanley (her maiden name), virtually disappeared 20 years ago. After she married, Laura kept none of her individual credit cards or bank accounts open. The utilities and other services were in her husband’s name only. She was named on the mortgage, credit cards, and auto and homeowner’s insurance, but all as Laura Davis. Her credit score as Laura Davis averaged 800 (that’s a really good score).

Throughout their marriage, Laura diligently managed the household finances. She paid every bill as soon as it arrived. But most of the bills were in Jeff’s name, doing nothing to help Laura build a solid credit history.

After the divorce, Laura (now using her own name, Laura Stanley) had to contact each service provider to change the account holder name to hers. But as far as the service providers were concerned, she never existed. For many accounts solely under her husband’s name (e.g. the phone, gas, electric bills), Laura was forced to close the accounts and open new ones under her “new” name. The phone company even released the home phone number that she had for 20 years, because her name wasn’t on the original account.

Each service provider that opened new accounts for Laura ran a credit check, which can affect your credit score. Laura also spent many hours at the DMV and Social Security office to change her name back. It took months to sort everything out.

Laura’s credit history was based on only a few joint credit cards and the mortgage. When she took her own name back, Laura had to start all over to build a credit history. She opened credit cards in her own name, but because of her minimal credit history, her interest rates went up and her credit limits went down. As a result, her credit score went down, too. Laura had to change her name on her auto insurance policy, which resulted in a premium increase. Laura’s auto insurer even charges divorced women more than married women!

Protect Your Name, Protect Yourself

A whole host of other financial issues arise at divorce. Issues

Did You Know?

According to the Insured Retirement Institute, women 65 years old can expect to pay $67,000 more than men in health care expenses.
Get Credit – The Saver’s Tax Credit, That Is!

Many people are not aware of the Saver’s Tax Credit, but it could save you up to $1,000. The Saver’s Tax Credit is geared to middle and lower income taxpayers and rewards people who save for retirement by reducing their federal income tax, incentivizing even more retirement savings. To take advantage of the Saver’s Tax Credit you must have contributed to a qualified retirement plan—like a 401(k) or 403(b) plan—or an Individual Retirement Account (IRA) during the last year. The credit you receive depends on your income and your filing status, and can range from 10% to 50% of your eligible savings contribution. You can receive up to $1,000 if filing separately and up to $2,000 if filing jointly.

To claim this credit, you must be at least 18, not a full-time student and you can’t be claimed as a dependent on someone else’s tax return. The Saver’s Tax Credit may be called the Retirement Savings Contribution Credit on some forms, and if you prepare your tax returns by hand, you need to start with Form 8880, “Credit for Qualified Retirement Savings Contributions,” to determine your credit rate and corresponding credit amount.

Don’t miss this opportunity to reduce your tax bill. To learn more, visit www.irs.gov and look for Form 8880.

### Adjusted Gross Income Limits for Saver’s Tax Credit (Tax Year 2011)

<table>
<thead>
<tr>
<th>To Receive:</th>
<th>Joint filers</th>
<th>Head of household</th>
<th>Single or married filing separately</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% of contribution</td>
<td>$0 - $34,000</td>
<td>$0 - $25,500</td>
<td>$0 - $17,000</td>
</tr>
<tr>
<td>20% of contribution</td>
<td>$34,001 - $36,500</td>
<td>$25,501 - $27,375</td>
<td>$17,001 - $18,250</td>
</tr>
<tr>
<td>10% of contribution</td>
<td>$36,501 - $56,500</td>
<td>$27,376 - $42,375</td>
<td>$18,251 - $28,250</td>
</tr>
<tr>
<td>No credit</td>
<td>$56,501 and over</td>
<td>$42,376 and over</td>
<td>$28,251 and over</td>
</tr>
</tbody>
</table>

### The Name Change: To Be or Not to Be the Mrs.

*continued from page 3*

like who will take responsibility for credit debt, the division of assets, and whether or not you can keep the house are just the tip of the iceberg. Legal costs are high, even for a divorce in which both parties are agreeable. Having to change your name just adds to the burden.

While we don’t go into marriage expecting it to end, every year, 2.8 million couples get divorced. Though it may never happen to you, consider protecting yourself by taking these financially “WISER” steps as a “just in case.” Also, share this information with other women in your life:

- Keep your last name legally. You can refer to yourself as Mrs. Smith socially, but keep it Ms. Jones on paper.
- Maintain your own banking and/or credit card accounts. If your marriage lasts forever, fantastic! If it doesn’t, you have all those years of credit history to rely on.
- Consider holding two credit cards in your name, but only use one. Keep the balance low (don’t carry a balance if you can swing it). The difference between how much credit is available to you and how much you use affects your credit score.
- If you leave the workforce during your marriage – either to raise kids or for other reasons, keep up with your network of old colleagues and work friends. Take courses to stay current on your area of expertise or to keep up on technologies you may use if you want or need to go back to work.
- Most of all, contribute to a spousal IRA every year so you will always have a nest egg.
- Finally, look at a name change at marriage as an important financial decision.
American Institute of CPAs Retirement Planner

Do you know what it takes to work towards a secure retirement? Use this calculator to help you create your retirement plan. View your retirement savings balance and your withdrawals for each year until the end of your retirement. Social Security is calculated on a sliding scale based on your income. Including a non-working spouse in your plan increases your Social Security benefits up to, but not over, the maximum.

Department of Labor’s Taking the Mystery out of Retirement

This detailed but easy-to-understand tool was developed by the Employee Benefit Security Administration. It’s geared toward people who are 10-15 years away from retirement. It comes with several worksheets that you can fill out online (and save if you want to come back later). The guide also offers a wealth of information about saving and investing. Check it out at www.dol.gov/ebsa/publications/. Scroll down to find Taking the Mystery Out of Retirement.

AARP’s Retirement Calculators

Another good calculator is AARP’s Retirement Calculator. This online tool is somewhere in the middle in terms of the inputs required.

This calculator will estimate your Social Security benefit, or you can follow a link to get your projected benefit from the Social Security Administration’s website. You can also indicate whether you think your lifestyle and expenses will change in retirement. An interactive graph shows the results, and you can adjust the inputs to see what impact certain changes may make. Find the calculator under Work & Retirement, then under Tools at www.aarp.org/work/retirement-planning/retirement_calculator/

While you’re at it, check out AARP’s new Social Security benefits calculator. It helps determine how to maximize your benefits based on what age you begin collecting them. You may think the only way to maximize your benefit is to wait until age 70 to collect them (benefits won’t rise if you wait longer). But that’s not all. For example, if you are divorced and eligible for spousal benefits, you could begin taking the spousal benefit at age 66 and then convert it to your own retirement benefit at age 70. Check it out at www.aarp.org/work

It is easier to punch numbers into a calculator than to actually make the necessary changes to reach your retirement goals, but knowing your goal is the critical first step in achieving it. Try these tools, and figure out your number!
Eleven Important Retirement Planning Questions, Decisions and Risks

Retirement planning is complex and includes many different questions you have to ask yourself. To help you sort through these issues, the Society of Actuaries has produced 11 Decision Briefs. Each focuses on a specific decision area and offers key considerations. Some of the decisions involve major trade-offs and so the briefs are designed to offer a balanced approach.

Examples include:

- **Big Question: When Should I Retire?** Includes key questions to consider, plus examples showing the financial benefits from delaying retirement.
- **Women Take the Wheel: Destination Retirement**—Addresses special issues faced by women who typically live longer than men, and are likely to spend time as widows.
- **Deciding When to Claim Social Security**—Focuses on the impact of the claiming decision. Also addresses special issues for couples.
- **Designing a Monthly Paycheck for Retirement**—Deals with replacing a regular paycheck, and options for withdrawing from savings or purchasing products with longevity guarantees.
- **Taking the Long-Term Care Journey**—Describes the financial and non-financial considerations, including whether to buy insurance.

To read the full series of briefs, visit www.soa.org.

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WISER’s Mission

To improve the long-term financial security of all women through education and advocacy. As the only organization to focus exclusively on the unique financial challenges that women face, WISER supports women’s opportunities to secure fair pensions and adequate retirement income through research, workshops, and partnerships.

Next Issue:

- What happened to long term care insurance? Updates on Social Security and Medicare, and new rules on guaranteed income.