

Retirement Planning for Stay-At-Home Moms

Stay-at-home moms take on many roles such as, caregiver, cook, chauffer, nutritionist, event planner, etc. But one role stay-at-home moms are not filling is “retirement planner.” According to a 2015 Transamerica Center for Retirement study, only 44% of stay-at-home moms are saving for retirement, and 51% do not have any sort strategy for retirement – written or unwritten.

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A large number of stay-at-home moms (75%) say they plan to rely on their spouse’s income in retirement, which is a risky strategy. Unforeseen circumstances such as divorce or separation, spouse’s job loss or death of a spouse, can dramatically change retirement savings. Today, women are living longer (on average 88 years) and are spending up to 20 years in retirement. Many older women are living alone and in poverty, even with Social Security. What this means is that planning for retirement is important for all women, including and especially for stay-at-home moms. Here are a few tips:

Keep Your Financial Identity

For many stay-at-home moms, it is easy to lose your own financial identity when you are not contributing financially to the family. Many moms leave the financial responsibilities, such as bill paying, retirement planning and budgeting, to the financially contributing spouse. But for long-term financial security, it is important for both spouses to maintain financial independence. This will be especially helpful if you ever have to act on your own some day or in cases of emergency.

- ☒ **Participate in the budget/retirement planning process**– Get personally involved with the family finances. Work with your spouse to create a budget and start tracking your spending. Consider a financial advisor to assist with retirement goals and budget strategy. Many moms may steer clear of saving for retirement if they believe their spouse is taking care of the retirement planning. But keep in mind, just because your spouse is doing the planning, it doesn’t guarantee they are planning well or that you will be protected if the unexpected happens.
- ☒ **Have your own checking or savings account** – Having your own checking and/or savings account and access to funds can be a benefit throughout marriage. Should you ever find yourself experiencing a divorce or widowhood, it will be an even greater relief to have direct access to those funds.
- ☒ **Keep your credit history healthy** – If you are married and put big financial decisions and purchases in your partner’s hands, you may be putting your credit at risk. If your spouse has a habit of paying

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bills late that have both of your names on them, your personal credit will be negatively affected. Without good credit, it is difficult to get loans or an affordable credit card with lower interest rates.

- **Maintain good credit history** – To do this, place one or more of the household bills (electricity or water bill) in your name. Another way to create a credit history is to have a credit card in your own name. Make sure to pay those bills on time each month to maintain good credit.
- **Check your credit score** - Check your credit score each year to make sure there are no inaccuracies. You can check your credit report by visiting annualcreditreport.com, the only source for free credit reports authorized by the federal government.

Build Long-Term Savings

Even though you may not be earning income as a stay-at-home mom, you should still do what you can to save for retirement; ideally in a retirement account held in your name. Social Security, while a valuable source of retirement income for women, should not be relied on as your sole source of income. The average annual Social Security benefit received by women age 65 and older is approximately \$15,000, which is unlikely to cover all retirement expenses.

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- ☒ **Spousal IRA** – A spousal IRA is a type of individual retirement account that allows a working spouse to contribute to a nonworking spouse's retirement savings. Yearly, a spouse can contribute up to \$6,000 (or \$7,000 if over age 50) to a Spousal IRA (either a traditional or Roth IRA), which is held in your name. To qualify, you will need to file a joint tax return with your spouse.
- ☒ **Rollover IRA** – If you have a retirement account with a prior employer, consider rolling over those funds into an IRA. When rolling over there are no taxes or penalties and you can have more control over how those funds are invested. Also important: Even if you have a small account balance, resist the urge to cash-out those funds! Not only will you have to pay fees and penalties, but you will miss opportunities for those funds to earn interest, even if you are no longer contributing to the account.
- ☒ **Understand Your Social Security Benefit** – Sign up for an online account at www.ssa.gov/myaccount. You can access your Social Security statement and get an estimate of benefits. Visit the Social Security section of WISER's website to learn more about how to maximize your benefit.

Save for Retirement before College

Moms want the best for their kids, especially a good education. But your kids can access loans and scholarships for college. There are no scholarships for retirement. Save for retirement first, college second.

Consider Part Time/Freelance Work

Working part time or freelancing can provide schedule flexibility and increase opportunities to save. Remaining in the work force not only brings in extra income, but it also keeps your job skills current and makes it easier to find work if or when you plan to return to the workforce full-time. When working part-time, you will also continue to accrue Social Security earnings credits which can increase your retired worker benefit later in life. Each year out of the workforce is credited as a 0 earnings year by Social Security; a lower number of credits may lower your retirement benefits.