

The Last **Third**

UTAHNS LIVE LONGER THAN OTHER AMERICANS, and women typically outlive men. Will you live to see 100? How are you planning to finance 20-35 years of retirement? Will you be dependent on your children after you retire? Most women will be single or widowed in old age. Sadly, with few exceptions, to be old, female, and single is to be poor. What does this mean for women and retirement planning? It's never too early to start planning for financial security in later life. The Center for Retirement Research at Boston College <http://crr.bc.edu/> projects that 61% of working-age households will *not* be able to maintain their current level of living in retirement.

On average, full-time women workers in Utah earn 69 cents for each dollar men earn. This lack of pay equity affects financial security in retirement. Have you considered investing in your human capital? Additional training or education can improve your wages now as well as your long term financial security.

Beyond wages, employee benefits are essential to ensuring future financial security. Health (and disability) insurance and retirement benefits are directly linked to employment. To go without health insurance is to take enormous risks with both your health and financial security. Despite passage of the new health insurance law, it will be a few years before all provisions are implemented.

Many employers offer a defined contribution plan, a.k.a. 401(k). Your employer may match *your* contributions up to a certain percent of your salary. Ask your human resources department: What kind of retirement plan do you offer? What are the requirements to participate? Am I contributing enough to receive a full match? Do I need to work more hours to be eligible? If your employer doesn't offer a plan or if you are not eligible to participate (due to working part-time), you need to consider other options like boosting your hours or looking for another employer. Contribute to traditional or Roth IRA as your primary plan or to supplement an employer plan.

Perhaps in response to lower wages and a desire for flexibility, female entrepreneurship is growing; one in 11 women owns a business. However, business owners must provide their own health, life and disability insurance and retirement benefits. If you are self-employed consider a SEP-IRA.

Planning for retirement is essential for all workers, but especially for women. The traditional approach to retirement has been the three-legged stool of Social Security, employer-provided pension and individual savings. However, due to the decline of traditional pensions, the switch to defined contribution plans (dependent on employees to contribute and decide where to invest), and growing healthcare costs, future retirees may need to supplement these sources with earnings by working longer or continuing to work part-time in "retirement." The full retirement age for Social Security is no longer 65 for persons born in 1938 or later; it can be as high as 67 if you were born after 1959. Social Security offers lots of retirement info at <http://www.ssa.gov>

Time is a four-letter word. It can work for or against you. "I don't have **time** to learn about retirement planning and employee benefits; I'm too busy keeping up with daily demands. I have lots of **time** before I have to start planning for retirement. I'll do that after my kids leave home." If you don't want to work until you drop, it's **time** to evaluate your future retirement security.

Invest to benefit from the **time** value of money. The sooner you start investing, the more your money will grow; \$1,000 invested at 8 percent for 20 years could grow to \$4,661 (\$3,661 is due to compounding). To delay is to forfeit the powerful benefits of the **time** value of money.

Take action. Calculate your life expectancy. Invest in your human capital to boost your wages. Check out your benefits package at work. Learn about and start investing for retirement. Estimate how much you need to invest to reach your goal of a comfortable retirement. Take control of your future financial security now with the help of these web sites. ☪

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RESOURCES

Life Expectancy Calculator
<http://www.livingto100.com/>

BallPark E\$timate
<http://www.choosetosave.org/ballpark/>

Planning for a Secure Retirement (English and Spanish)
<http://www.ces.purdue.edu/retirement/>

Guidebook to Help Late Savers Prepare for Retirement
<http://www.smartaboutmoney.org/LinkClick.aspx?fileticket=rcpmTScGSoA%3D&tabid=442&mid=832>

Taking the Mystery Out of Retirement Planning
<http://www.dol.gov/ebsa/publications/nearretirement.html>

A Simple Guide to What Everyone Needs To Know About Money and Retirement
http://www.wiserwomen.org/pdf_files/money-retirement.pdf (Also available in Spanish, Portuguese, Vietnamese, and Korean)

