



# Women Take the Wheel – Destination Retirement

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# SOA Research



Women Take the Wheel:  
Destination Retirement

# Committee on Post-Retirement Needs and Risks

- Society of Actuaries post-retirement risk research: nearly 20 years of work
- Overall program goal: Understand and improve post-retirement risk management
  - Focus on middle-income market age 50 and older
  - Housing value is largest asset for many (excluding value of Social Security)
  - Many lack adequate assets to maintain living standard
  - Decisions will require trade-offs on living standards
- Focus on multiple stakeholders
- Started biennial Risk Survey in 2001 and added focus groups in 2005, 2013 and 2015
- Survey, focus groups and interviews with those over 85 added in 2017 and 2018
- Generational survey added in 2018

# Risk Surveys

- *2001–2017 Risks and Process of Retirement Survey*. Each biennial survey includes topics of special focus.
- *2013 Risks and Process of Retirement Survey: Key Findings and Issues, Impact of Retirement Risks on Women*, Society of Actuaries, 2014
- *2015 Risks and Process of Retirement Survey: Key Findings and Issues, Shocks and Unexpected Spending in Retirement*, Society of Actuaries, 2016
- *Survey of Individuals Over Age 85*, Society of Actuaries, 2017

# Focus Groups and In-Depth Interviews

- *Post-Retirement Experiences of Individuals 85+ Years Old (2017)*
- *Post-Retirement Experiences of Individuals Retired for 15 Years or More (2015)*
- *The Decision to Retire and Post-Retirement Financial Strategies: A Report on Eight Focus Groups (2013)*
- *Spending and Investing in Retirement: Is There a Strategy, Society of Actuaries, LIMRA, and INFRE (2006)*

# Consumer Information

- *Managing Post-Retirement Risks* (a guide to the risks)
- *Managing Retirement Decisions Briefs - Women Take the Wheel: Destination Retirement, 2017*

# Essays and Papers

- Diverse Risk Essay Collection - *“Women and Retirement Risk: What Should Plan Sponsors, Planners, Software Developers and Product Developers Know?”*
- Managing the Impact of Long-Term Care Needs and Expense on Retirement Security monograph - *“Improving Retirement by Integrating Family, Friends, Housing and Support: Lessons Learned from Personal Experience”* and *“The 65-Plus Age Wave and the Caregiving Conundrum: The Often Forgotten Piece of the Long-Term Care Puzzle”*

# Infographics and Tools

- Age Wise series of 5 infographics – life expectancy, unexpected expenses, inflation, housing and long-term care

<https://www.soa.org/research/age-wise/>

- Actuaries Longevity Illustrator

<http://www.longevityillustrator.org/>



# The Reality for Women



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# Differences by Gender

- Longevity
- Older women are more likely to be alone
- Career differences
- Family responsibility
- Higher long-term care costs
- More focus on others
- Less likely to remarry

# Longevity Risk

**Age Wise** is a series of infographics to help individuals understand how life expectancy and the decisions they make impact their plans for a happy, healthy and well-funded retirement.

**SOCIETY OF ACTUARIES**

**You may live much longer than you think.**  
 Many people base their planning on what their grandparents or parents experienced, but **individual life expectancies have improved dramatically over the past century.** Current trends suggest that...

who are in their mid-50s today **90** will live to be  
 Will your retirement income plan be enough?

1 out of 3 males & 1 out of 2 females

**Couples should consider their combined planning timeline.**  
 For a couple who are 65 today...

Odds a wife outlives her husband by...

5+ years	45%
10+ years	31%
15+ years	20%

Odds a husband outlives his wife by ...

5+ years	30%
10+ years	19%
15+ years	11%

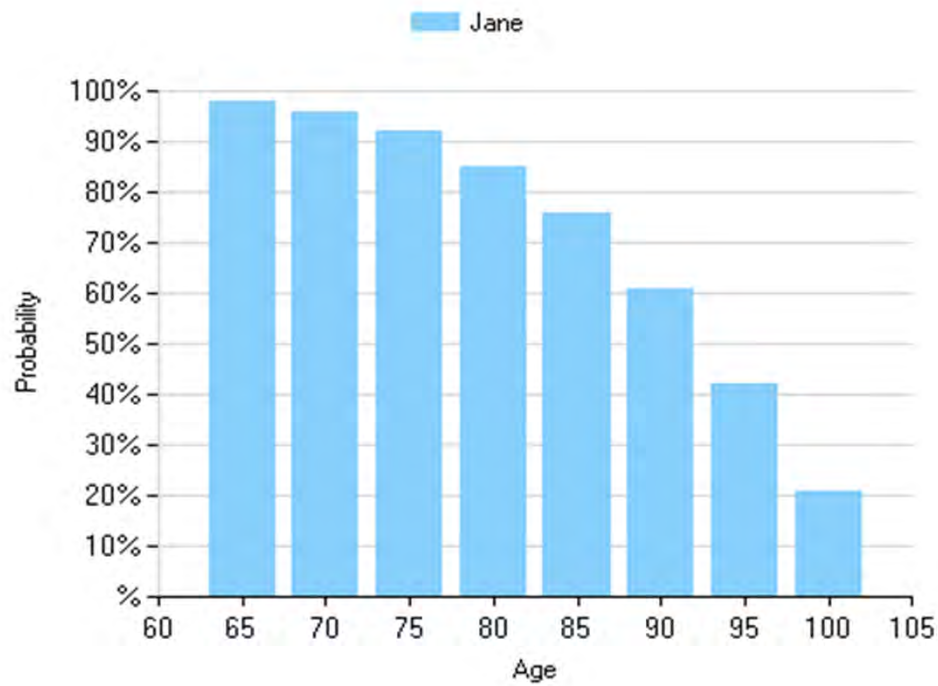
**25%** will die within 5 years of each other, and there is a **50%** chance that one person in the couple will be alive at 92.

**It's not just luck or genes.**  
 Some **factors** that influence how long you live may be **beyond your control.** Others depend upon the **choices you make** every day. A successful retirement plan will address both.

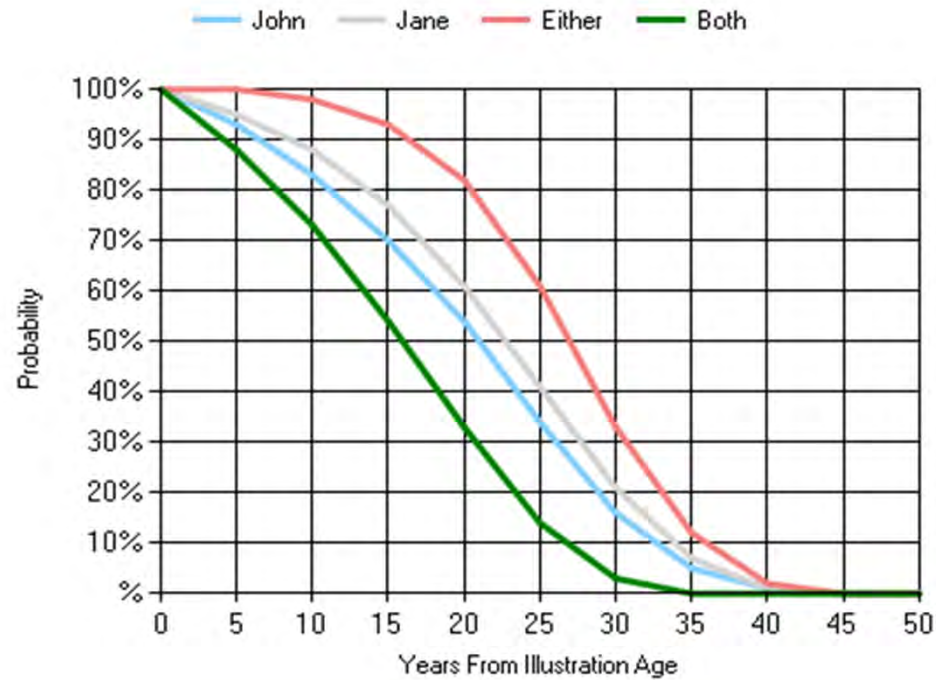
For a personalized look at longevity, see [www.longevityillustrator.org](http://www.longevityillustrator.org)

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# Probability of Living to a Certain Age - 35 year old female



# Probability of Living for a Specified Number of Years - Couple age 65



# Women & Retirement Risks



# Risks with Direct Greater Impact on Women

- Loss of spouse
- Decline in functional status
- Lower lifetime earnings and wealth

# Risks with Greater Impact due to Longevity

- Outliving assets
- Health care risks
- Inflation



# Retirement Concerns by Gender

Table 2  
Examples of Concerns in Retirement by Gender

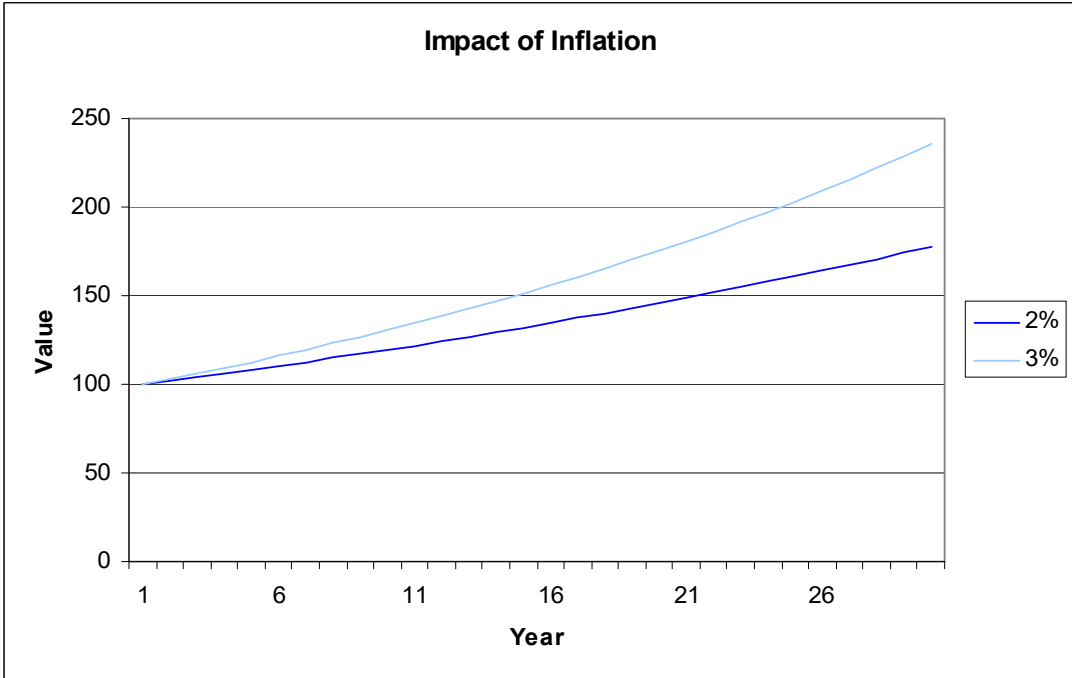
**Question:** How concerned are you about each of the following (during retirement)?

(%Very/Somewhat concerned)	Pre-retirees		Retirees	
	Male (n = 511)	Female (n = 519)	Male (n = 493)	Female (n = 532)
	(a)	(b)	(a)	(b)
The value of your savings and investments might not keep up with inflation.	71%	83% <sup>A</sup>	52%	62% <sup>A</sup>
You might not have enough money to pay for a long stay in a nursing home or a long period of nursing care at home.	68	78 <sup>A</sup>	53	65 <sup>A</sup>
You might not have enough money to pay for adequate health care.	72	77	49	57 <sup>A</sup>
You might deplete all your savings.	63	75 <sup>A</sup>	47	56 <sup>A</sup>
You may not be able to stay in your home as you age.*	47	57 <sup>A</sup>	41	53 <sup>A</sup>

\* Asked among homeowners

Note: "A" designates a significant difference from the prior column.

# Inflation Over Time



# Where to Live in Retirement

Table 3  
Important Attributes in Deciding Where to Live in Retirement by Gender

**Question:** Thinking about where you plan to live throughout your retirement, how important is it that the home and/or location you choose offer the following

(%Very/Somewhat important)	Pre-retirees		Retirees	
	Male (n = 511)	Female (n = 519)	Male (n = 493)	Female (n = 532)
	(a)	(b)	(a)	(b)
<b>Examples: large difference by gender</b>				
Located near family	64%	83% <sup>A</sup>	60%	80% <sup>A</sup>
Located near friends	57	74 <sup>A</sup>	63	77 <sup>A</sup>
A culture of mutual support: neighbors or friends who help each other when they need it	62	71 <sup>A</sup>	59	75 <sup>A</sup>
Gives you a sense of belonging to a community	48	65 <sup>A</sup>	45	68 <sup>A</sup>
The ability to receive help with chores, like cleaning or laundry	50	62 <sup>A</sup>	43	61 <sup>A</sup>
Public services for seniors, such as library courses or senior centers	46	57 <sup>A</sup>	39	55 <sup>A</sup>
Opportunities for social engagements, such as shared meals, bridge clubs or holiday parties	36	48 <sup>A</sup>	27	44 <sup>A</sup>
<b>Examples: moderate differences by gender</b>				
Near quality health care and/or hospitals	84%	88%	85%	92% <sup>A</sup>
Low or no home maintenance required	80	89 <sup>A</sup>	76	83 <sup>A</sup>
Access to needed transportation	68	74	61	69 <sup>A</sup>

Note: <sup>A</sup> designates a significant difference from the prior column.

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# SOA Research on Individuals Age 85 and Over



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# Highlights

- Marital demographics
- Financial security
- Spending and debt
- Importance of family
- Living arrangements
- Advice

# Marital Status

Table 1  
Marital Status by Age and Gender Among Older Americans

Marital Status	Men		Women	
	65-84	85+	65-84	85+
Married	72%	51%	48%	13%
Divorced and Separated	13	7	17	7
Widowed	10	38	30	75
Never Married	5	4	5	5
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Source: Stepler, Renee, *Smaller Share of Women Ages 65 and Older Are Living Alone, More Are Living with Spouse or Children*, Pew Foundation, 2016; data is based on tabulation of 2014 American Community Survey and adjusted for rounding.

# Living Arrangements

Table 4  
Living Arrangements for Older Men and Women—2014

Type of Arrangement	Women Age 65–84	Men Age 65–84	Women Age 85 and Up	Men Age 85 and Up
Nursing home or other group quarters	2%	2%	13%	8%
Unmarried, living with other family or nonfamily	8	7	7	6
Unmarried, living with own children	13	4	23	10
Living with spouse	46	69	12	49
Living alone	30	17	46	27

Notes: Numbers may not add to 100 percent due to rounding. Older adults who are living with a spouse may also be living with children or other relatives or nonrelatives.

Source: Stepler, Renee, *Smaller Share of Women Ages 65 and Older Are Living Alone, More Are Living with Spouse or Children*, Pew Foundation, 2016; data is based on the Pew Research Center analysis of 2014 American Community Survey.

# Long-Term Care





# Key Observations

- Women are more likely than men to need long-term care
- Very few people plan for it or think they will need it
- Family can be important source of help
- Husbands are more likely than wives to expect to have family caregivers
- Women generally live longer and are more likely to need caregivers

# Life Expectancy by Health Status

Table 5  
Division of Total Life Expectancy into Three Periods Based on Health Status (Expected Number of Years of Life Expectancy in Various Health States)

Age	Non-disabled	Mild or Moderate Disability	More Severely Disabled*
Male			
65	12.34	1.50	1.50
75	6.77	1.37	1.61
85	2.89	1.04	1.75
95	0.81	0.61	1.91
Female			
65	13.65	2.97	2.83
75	6.99	2.55	2.96
85	2.47	1.74	3.03
95	0.52	0.78	2.54

\* More severely disabled includes those with activities of daily living (ADL) and cognitive impairments that would make them claim eligibility under HIPAA-qualified long-term care<sup>8</sup> policies.

Source: Eric Stallard, "Estimates of the Incidence, Prevalence, Duration, Intensity and Cost of Chronic Disability Among the U.S. Elderly," paper presented at SOA Living to 100, 2008, and published in SOA Monograph, Table 4. Table notes that author's calculations are based on the 1984-94 NLTCs.

# Long-Term Care Premiums

- Average annual premium for a 55-year-old couple - \$3,050.
- Average annual premium for age 55 single male - \$2,050.
- Average annual premium for age 55 single female - \$2,700.
- Single female premium is 31.7% higher than single male premium
- Married couples benefit from significant spousal discount

Source: <http://www.aaltci.org/news/long-term-care-insurance-association-news/2019-long-term-care-insurance-price-index-released>

# Lessons Learned from Retirees



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# Findings from Focus Groups and Interviews

- Women are generally more concerned about risks than men
- Planning horizons are too short
- Dealing with shocks may be difficult
- Retirees are resilient
- Older people need help
- Women are more likely to be caregivers

# Practical Ideas



# First Things First

- Get legal matters and papers in order
- Figure out how much retirement will cost
- Review the retirement plan
- Review divorce and family issues
- Assess long-term care needs
- Examine social security options

# Social Security

## Benefit Entitlement Paths

### How women can become eligible for Social Security:

1. *As a retired worker:* This woman has accumulated sufficient credits to collect Social Security based on her own work record;
2. *As a spouse or survivor of an eligible worker.* A married or divorced woman ineligible for benefits in her own right can receive up to 50 percent of her husband's benefit if he is alive or 100 percent if he has died.
3. *As a dually-entitled beneficiary:* A woman who is entitled to her own benefit and one based on the work record of her higher-earning husband will receive the higher of the two benefits. This is essentially her benefit topped up by the difference between her benefit and her spouse/survivor benefit.



# Traps to Avoid

- Having too much debt
- Giving too much money to children
- Quitting job for caregiving
- Spending too much on housing
- Not understanding family finances
- Not having an emergency fund

# Personal Tips

- Be knowledgeable about household finances, including passwords
- Check beneficiary designations on employer plans and life insurance
- Evaluate long-term care and Social Security claiming options
- Make sure credit cards and bank accounts are set up with access for both members of couple
- Check credit card rating agencies
- Update wills, advance directives and powers of attorney
- Put together list of financial information and contacts

# Essential Papers

- Birth certificate
- Marriage certificate
- Will
- Living will
- Durable power of attorney
- Health care power of attorney
- Health insurance cards, records
- Other insurance policies
- Pension, 401(k) plan documents
- Deed to the house
- Titles to cars, boats
- List of contacts—family, friends, doctors, etc.—and how to reach them
- Medical profile listing conditions, Rx.

# Questions?



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