

1999

Women's Retirement Confidence Survey

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INTRODUCTION

This report presents the findings of an independent analysis of the 1999 Retirement Confidence Survey (RCS), concerning women's attitudes and behaviors regarding retirement savings. The RCS, co-sponsored by Mathew Greenwald & Associates, Inc., Employee Benefit Research Institute (EBRI), and American Savings Education Council (ASEC)¹, is a national survey that has been conducted annually since 1991. Its continuing purpose is to gauge the views and attitudes of Americans regarding retirement, their preparations for retirement, their confidence with regard to various aspects of retirement, and related issues. Now in its second year, the independent analysis concerning women's attitudes and behaviors is underwritten by American General Financial Group/VALIC.²

¹ Founded in 1978, EBRI's mission is to contribute to, to encourage, and to enhance the development of sound employee benefit programs and sound public policy through objective research and education. EBRI is a private, nonprofit, nonpartisan public policy research organization based in Washington, DC. EBRI does not lobby and does not take positions on legislative proposals.

ASEC is a coalition of private- and public-sector institutions that undertakes initiatives to raise public awareness about what is needed to ensure long-term personal financial independence. ASEC's goal is to make saving; investing; and planning for different life stages, including retirement, a vital concern of Americans. ASEC is part of the Employee Benefit Research Institute Education and Research Fund (EBRI-ERF), a 501(c)(3) nonprofit, educational organization.

MGA is a full-service market research and consulting firm located in Washington, DC, that specializes in all aspects of survey research design and analysis; focus group and one-on-one qualitative research; new product development and testing; marketing, communications and advertising research; attitude tracking surveys; market segmentation; and database marketing and analysis.

² The retirement services division of American General Financial Group serves the needs of several types of clients. VALIC (The Variable Annuity Life Insurance Company) provides annuity-based retirement plans for employer groups and individuals. American General Retirement Services (AGRS) provides mutual fund-based retirement plans for employer groups. American General Annuity Insurance Company (AGAIC) is the leading provider of individual fixed-annuity products through financial institutions. The

Overall, 751 working-age Americans (age 25 and older) were interviewed for the RCS (376 women and 375 men). Computer-assisted telephone interviews (CATI) were conducted between January 4, 1999 and February 28, 1999, by National Research, LLC, a subsidiary of Greenwald & Associates. Random-digit dialing was used to obtain a representative cross-section of the United States population.

Also included in this analysis are data from the 1999 RCS Minority Survey. This survey includes interviews with 200 African-Americans, 200 Hispanic-Americans, and 200 Asian-Americans. Targeted list samples were used in order to supplement the minority respondents obtained through random-digit dialing.

In theory, a sample of 376 yields a statistical precision of plus or minus five percentage points (with 95 percent certainty) of what the results would be if all working-age American women, age 25 and older, were surveyed with complete accuracy. There are other possible sources of error in all surveys, however, that may be more serious than theoretical calculations of sampling error. These include refusals to be interviewed and other forms of nonresponse, the effects of question wording and question order, interviewer bias, and screening. While attempts are made to minimize these factors, it is difficult or impossible to quantify the errors that may result from them.

Following this Introduction are an Overview, Respondent Profile, and Report of Findings. A posted questionnaire is included in the Appendix to this report. Detailed results are broken out by demographic characteristics where there is a significant difference between groups. Comparisons with data from previous years are also discussed where appropriate. At times, the percentages shown in tables and figures may not total to 100 percent due to rounding and/or missing categories.

American General Fund Group provides a comprehensive lineup of retail mutual funds for the individual investor.

The Retirement Services division is a leading provider of retirement products and services, including tax-qualified annuities sold through 1,500 retirement planning specialists, and non-qualified annuities marketed through 27,000 financial institution representatives. The division has \$61 billion in assets and 2.6 million customer accounts.

OVERVIEW

While most working-age American women (over age 25) believe that people in the United States do not save enough money to live comfortably throughout retirement (80 percent), two-thirds of women are confident that they, personally, will have enough money.

When considering specific aspects of retirement, most women are confident they will have enough money for basic expenses (81 percent), but fewer express confidence in having enough money for medical expenses (59 percent).

Two-thirds of women believe that anyone can have a comfortable retirement if he or she just plans and saves. Most feel they are disciplined savers (68 percent), but they are unwilling to risk these savings. About one-third report that they are unwilling to take any type of financial risk, and only one-quarter say they are willing to take substantial risks for substantial financial gain.

Women indicate that their employer has a key role in their expectations for retirement income. Four in 10 each cite that money saved through a plan at work or an employer-provided pension will be major sources of their retirement income. One-quarter expect that a major source will be Social Security. Six out of 10 expect that they will work for pay after they retire.

Most women do not know the correct age at which they will be eligible for full Social Security benefits (85 percent); they typically underestimate. At the same time, seven out of 10 women are not confident in the continuation of today's benefits by either the Social Security or Medicare systems.

A majority of women report that they have personally saved money for retirement (70 percent). Furthermore, four out of 10 say they have actually tried to calculate how much money they will need to save in order to have a comfortable retirement. Nearly three-quarters of women report they have an investing or savings program for their

retirement, but fewer have thought about insurance for long-term care needs (38 percent).

Those women who have saved for retirement are most likely to be motivated by earning enough to be able to save, feeling unable to count on Social Security, and seeing unprepared people struggle in retirement. Among women who have not saved for retirement, three-quarters indicate that having too many current financial responsibilities is a major reason they have not done so.

Over one-half of women who have saved for retirement are extremely or very confident that they are investing their savings wisely (55 percent). Most married women say they make investment decisions using input from their spouse or partner (86 percent).

Six out of 10 women say it is possible for them to save \$20 (more) per week for their retirement (61 percent). The items they most frequently would give up to save this amount are dining out and entertainment. There is no difference in the proportion of savers who say they can save an additional \$20 and nonsavers who say they could save \$20 per week.

More than one-half of working-age women say they have not received retirement planning information from an employer within the past year (56 percent). Among women who have saved and have received retirement planning information from their employer, four in 10 report that this prompted them to change the amount contributed or allocation of money in their retirement plan.

WOMEN AND MEN

- In general, working-age women are not substantially different from men in terms of their actual preparations for retirement; it is their attitudes towards retirement and finances where differences are most apparent.
- While women are less likely to have tried to figure out how much money they will need, they are equally as likely as men to report that they have saved for retirement, and they indicate that they have just as much accumulated for retirement as men.

They are also equally likely to have a savings program for their retirement and to have thought about long-term care insurance.

- Women and men do not differ significantly on the Retirement Readiness Rating, which measures how well individuals are preparing for retirement.
- Although women are less likely than men to anticipate that they will work after retiring, six in 10 think they will.
- Women are less confident than men in their financial preparations for retirement, their ability to cover basic expenses, and their ability to support themselves, no matter how long they live.
- Women who have saved for retirement are more likely than their male counterparts to use the advice of a financial professional when making saving and investment decisions. Men are relatively more likely to use computer software.
- Women are equally as likely as men to have received some type of retirement planning and savings education from their employer.
- Among those who are saving for retirement, women are more likely than men to report being motivated by the realization that time was running out and by seeing unprepared people struggle in retirement. They are also more likely than men to report that the availability of educational materials at work or advice from a financial advisor motivated them.
- Among those who are not saving, women are more likely to say that they have too many current financial responsibilities.
- Women are more likely than men to describe themselves as a saver rather than an investor. They are also more likely to indicate they are unwilling to take any financial risks, whereas men are more likely to say they are willing to take substantial financial risk for substantial gain.

RESPONDENT PROFILE

In the base RCS survey, the proportions of males and females are equal (50 percent each).

Among the survey population of working-age women 25 years and older, one-quarter are under age 35 (26 percent), four in 10 are ages 35–49 (43 percent) and nearly one-third are age 50 or older (31 percent). The age distribution among males is roughly similar, except they are slightly younger; just one-quarter are age 50 or older (26 percent).

Nearly two-thirds of women report that they are married (64 percent), and another 2 percent report that they are living with a significant other. One in 10 women are single (12 percent), almost two in 10 are divorced (17 percent), and a few are widowed (5 percent). Men are just as likely as women to be married.

Only 4 percent of women say they did not complete high school, while another quarter report that they hold a high school degree only (26 percent). One-third report having some college experience (34 percent), and another third indicate that they have a college degree or more (35 percent). Men tend to have more advanced education; four in 10 have at least a college degree (41 percent).

More than one-half of women report that they are employed full-time (56 percent), and an additional 16 percent say they are employed part-time. One in 10 women each indicate that they are self-employed (10 percent) or a homemaker (11 percent). Few say they are unemployed (4 percent) or some other status (3 percent). In contrast, seven in 10 men report they are employed full-time (69 percent), and two in 10 are self-employed (19 percent). Fewer men report that they work part-time (5 percent) or are a homemaker (1 percent).

Fewer than two in 10 women report household income under \$25,000 (17 percent), one-third report it is between \$25,000 and \$49,999 (32 percent), and more

than one-third say it is \$50,000 or more (37 percent). Men indicate similar levels of household income.

Table A: Characteristics of Survey Respondents

		Women (n=376) %	Men (n=375) %
GENDER	Female	100	--
	Male	--	100
AGE	Under 35	26	27
	35–49	43	46
	50 and Older	31	26
MARITAL STATUS	Married	64	65
	Single	12	18
	Divorced / Separated	17	14
	Widowed	5	1
	Single w/ significant other	2	2
EDUCATION	Some HS or Less	4	6
	High School Graduate	26	26
	Some College	34	27
	College Degree or Higher	35	41
EMPLOYMENT STATUS	Full-time	56	69
	Part-time	16	5
	Self-employed	10	19
	Homemaker	11	1
	Unemployed	4	4
	Other	3	3
HOUSEHOLD INCOME	Less than \$25,000	17	16
	\$25,000–\$49,999	33	35
	\$50,000 or more	37	37
	Don't Know / Refused	14	12

Note: Percentages may not add to 100 percent due to rounding and/or missing categories.

Among minority groups, females account for roughly one-half of African-American (55 percent), Hispanic-American (49 percent), and Asian-American (53 percent) working age respondents 25 years and older. [See Table B.]

Table B: Characteristics of Survey Respondents, continued

			<u>Women</u>	<u>Men</u>
			%	%
MINORITY GROUP	African-American	<i>(n=200)</i>	55	45
	Hispanic-American	<i>(n=200)</i>	49	52
	Asian-American	<i>(n=200)</i>	53	47

Note: Percentages may not add to 100 percent due to rounding and/or missing categories.

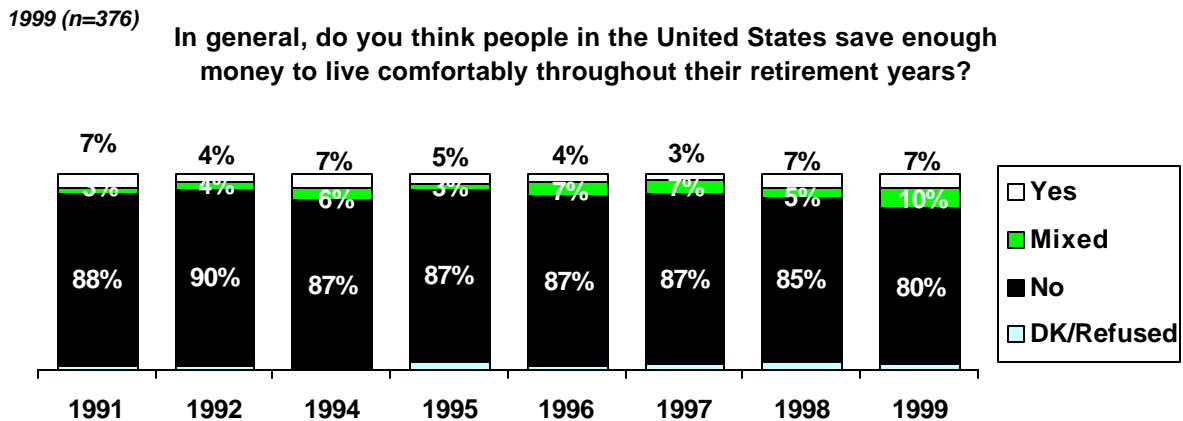
REPORT OF FINDINGS

CONFIDENCE ABOUT RETIREMENT

Americans' Retirement Savings

Most working-age American women think that people in the United States do not save enough money to live comfortably throughout their retirement years (80 percent). This proportion has dropped slightly from last year, yet only 7 percent believe that, in general, people do save enough. Another one in 10 have mixed feelings (10 percent). [See Figure 1.]

Figure 1: Americans and Saving Enough for Retirement, Women (1991- 1999)



Asian-American women are more likely than females as a whole to say that people in this country do save enough to live comfortably in their retirement years. [See Table 1.]

Table 1: Americans and Saving Enough for Retirement, Selected Groups

"In general, do you think people in the United States save enough money to live comfortably throughout their retirement years?"

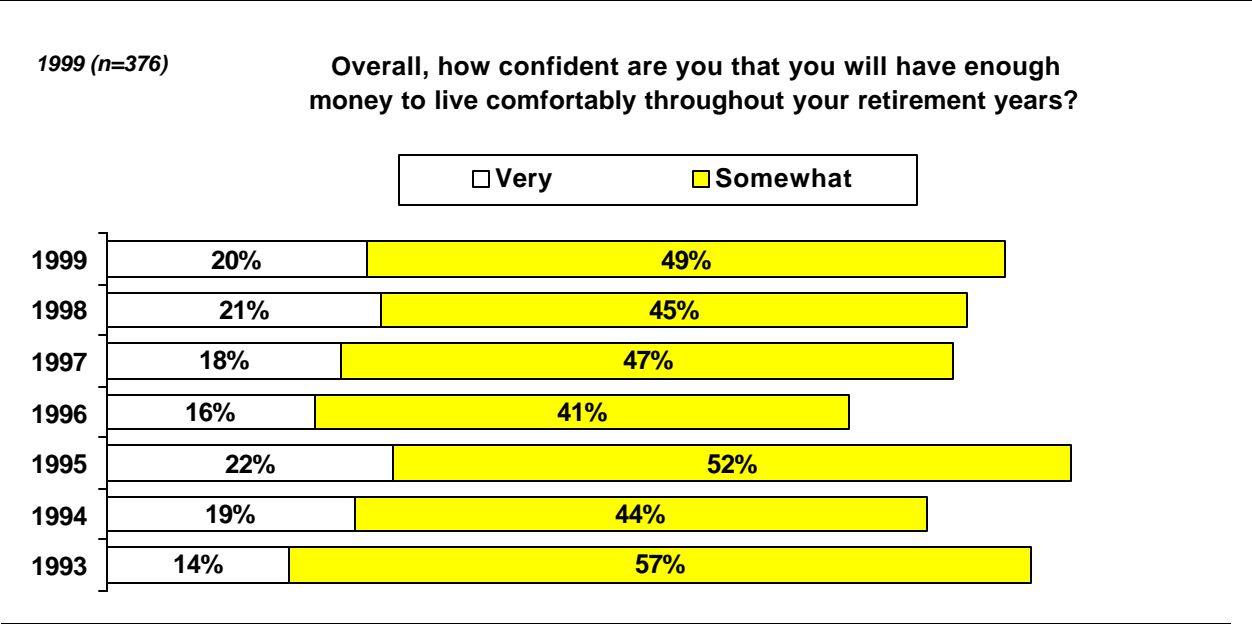
	<u>Yes</u> %	<u>Mixed</u> %	<u>No</u> %
All Women	7	10	80
All Men	11	10	76
<u>Minority Groups</u>			
African-American Women	5	9	80
African-American Men	7	10	82
Hispanic-American Women	12	8	76
Hispanic-American Men	10	5	80
Asian-American Women	16	3	67
Asian-American Men	24	4	57

Confidence in Personal Preparations for Retirement

A majority of women express confidence when thinking about their own preparations for retirement. Two in 10 are *very* confident (20 percent), and one-half are *somewhat* confident (49 percent) that they will have enough money to live comfortably throughout their retirement years. The remaining three in 10 women are not confident—22 percent are *not too* confident, 9 percent are *not at all* confident. [See Figure 2.]

The proportion of women who are confident in having enough money to live comfortably in retirement has steadily increased, following the drop in 1996.

Figure 2: Overall Confidence in Having Enough Money for a Comfortable Retirement, Women



Women who are college graduates and those with household incomes of \$50,000 or more have a greater likelihood of being confident in having enough money for retirement. Unmarried women are more likely to indicate they are not too or not at all confident. [See Table 2.] Although men and women are equally likely to express confidence overall, men are more likely to say they are *very* confident about having enough money for retirement.

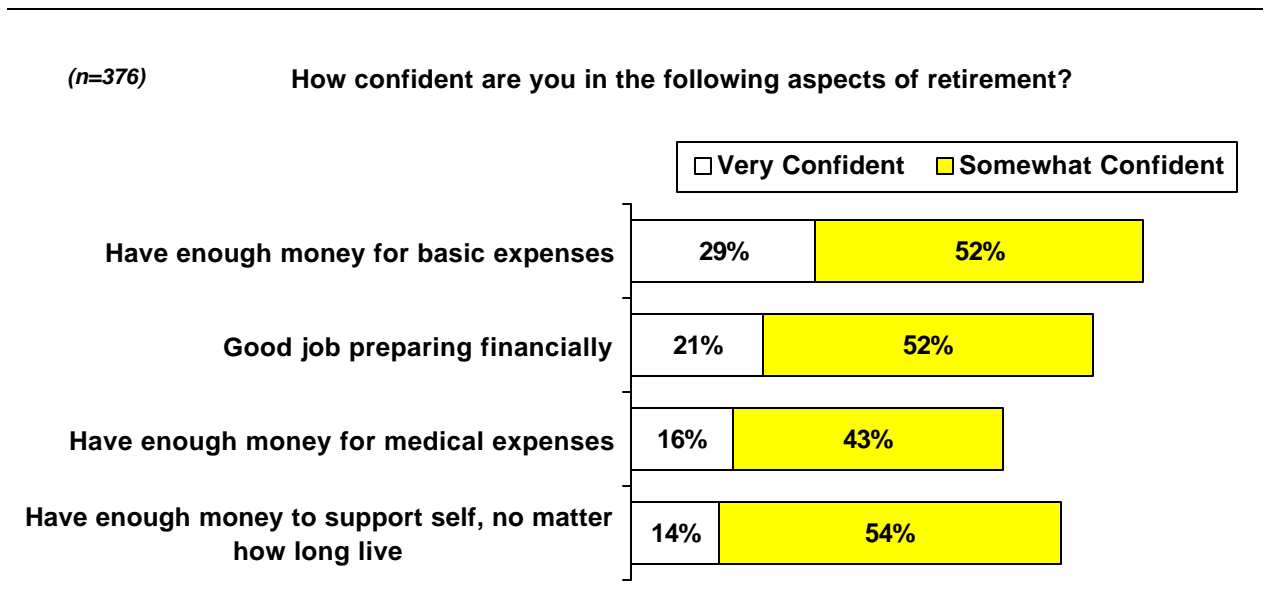
Table 2: Overall Confidence in Having Enough Money for a Comfortable Retirement, Selected Groups

“Overall, how confident are you that you will have enough money to live comfortably throughout your retirement years?”

	<u>Very Confident</u> %	<u>Somewhat Confident</u> %	<u>Not Too/ Not At All Confident</u> %
All Women	20	49	31
All Men	29	45	25
<u>Women</u>			
Household Income < \$25,000	6	37	57
\$25,000–\$49,999	14	44	42
\$50,000 or More	28	60	12
High School or Less	10	51	37
Some College	17	46	37
College Degree or Higher	31	49	20
Married	22	54	23
Not Married	16	38	46

On specific financial aspects of retirement, women are most confident that they will have enough money to take care of basic expenses during retirement (29 percent are *very* confident and 52 percent are *somewhat* confident). Roughly seven in 10 are confident that they are doing a good job preparing financially for retirement (21 percent *very* confident, 52 percent *somewhat* confident) and that they will have enough money to support themselves in retirement, no matter how long they live (14 percent *very* confident, 54 percent *somewhat* confident). A slightly smaller proportion are confident that they will have enough money to take care of medical expenses (16 percent *very* confident, 43 percent *somewhat* confident). [See Figure 3.]

Figure 3: Confidence in Specific Aspects of Retirement, Women



As expected, higher education and income (in particular) relate to higher levels of confidence in these financial aspects of retirement. [See Table 3.] In addition, married women are more likely to say they are confident in each aspect.

Women and men are equally likely to say they are confident, but—except with respect to medical expenses—men are more likely to say they are *very* confident.

Table 3: Confidence in Specific Aspects of Retirement, Selected Groups

Percentage Very Confident in Selected Aspects of Retirement

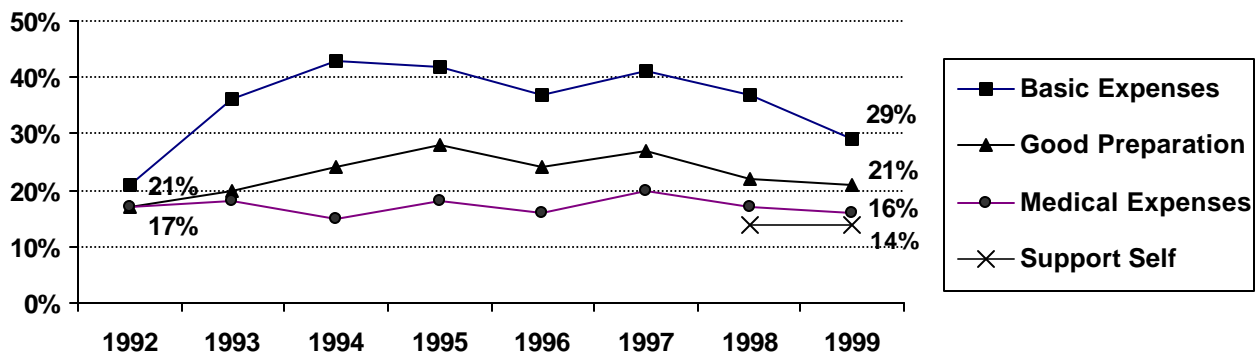
	<u>Enough for Basic Expenses</u> %	<u>Good Job Preparing Financially</u> %	<u>Enough for Medical Expenses</u> %	<u>Support Self No Matter How Long</u> %
All Women	29	21	16	14
All Men	39	29	19	25
<u>Women</u>				
Household Income < \$25,000	11	5	9	6
\$25,000–\$49,999	26	20	12	11
\$50,000 or More	41	28	21	17
High School or Less	18	17	10	6
Some College	27	17	15	14
College Degree or Higher	41	30	21	20
Married	33	23	17	15
Not Married	22	17	13	10

Working age women are less confident in some of these aspects than they were in the mid- 1990s. In 1995, four in 10 were *very* confident about having enough money to cover basic expenses (42 percent); three in 10 are very confident in 1999 (29 percent). Similarly, the proportion who feel they are doing a good job preparing financially for retirement has decreased. In 1995, nearly three in 10 were very confident (28 percent); two in ten are very confident in 1999 (21 percent). [See Figure 4.]

The proportion of women very confident about being able to afford medical expenses remains low (16 percent), as does the proportion who feel they can support themselves throughout retirement no matter how long they live (14 percent).

Figure 4: Confidence in Specific Aspects of Retirement, Women (1992- 1999)

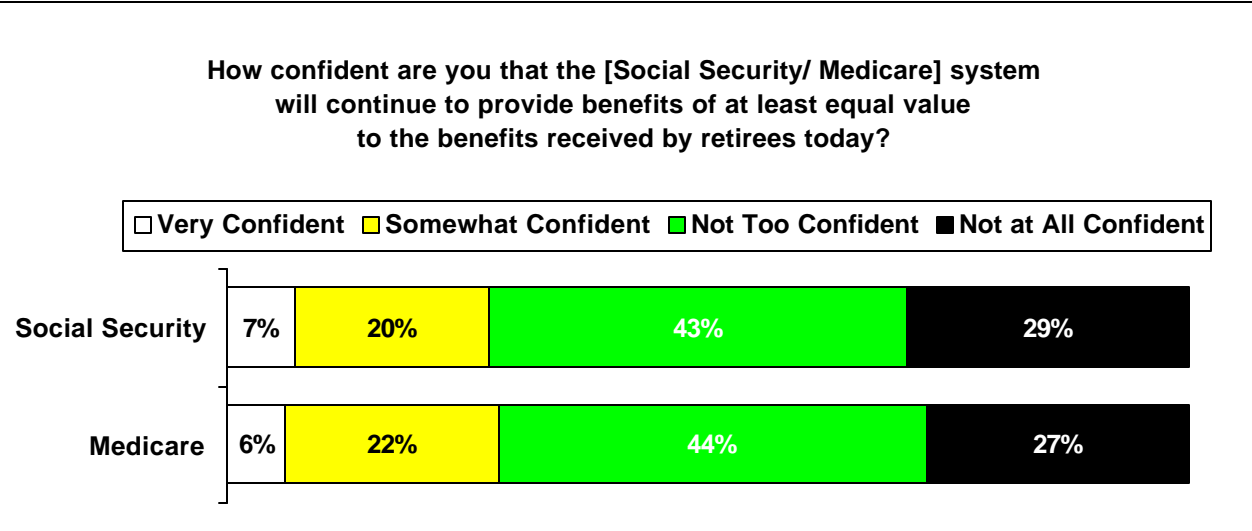
(Percentage Very Confident in Specific Aspect of Retirement)



Confidence in Social Security and Medicare

Women were asked how confident they are that either the Social Security or Medicare systems will continue to provide benefits of equal value to those received by retirees today. Just one-quarter say they are confident (7 percent *very* confident, 20 percent *somewhat* confident) in the continuation of equal Social Security benefits, while seven in 10 maintain that they are not confident (72 percent). Similarly, 6 percent are *very* confident and 22 percent are *somewhat* confident in the continuation of equal Medicare benefits, while the remaining seven in 10 are not confident (71 percent). [See Figure 5].

Figure 5: Confidence in Social Security Benefits, Women



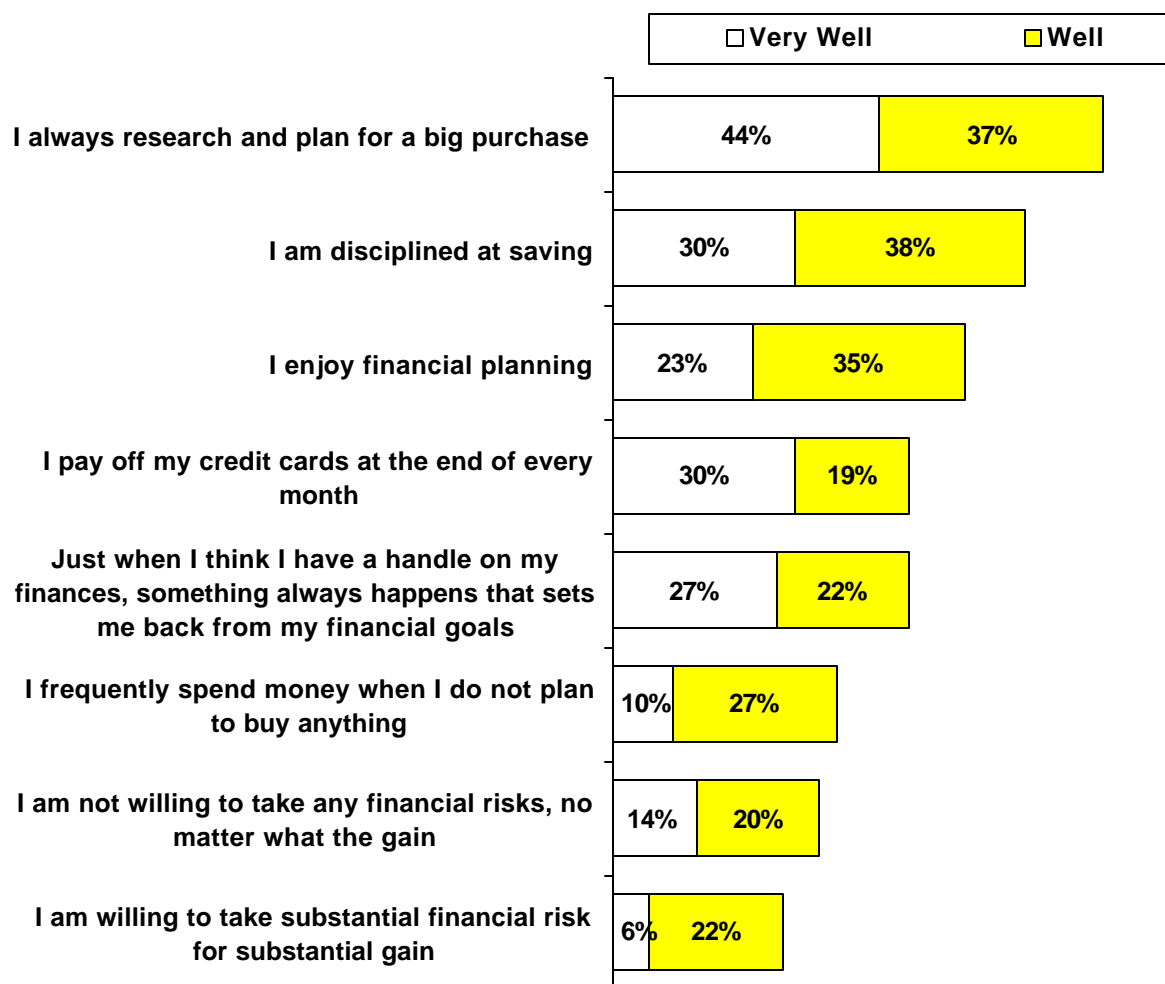
Men are more confident than women in the continuation of equivalent benefits through both of these programs. Women age 50 and older are more likely to express confidence.

ATTITUDES ABOUT SPENDING AND SAVING

When asked to rate how well a series of statements about finances and buying habits describes them, four out of five women say they always research and plan for a big purchase (81 percent indicate the statement describes them *very well* or *well*). Two-thirds of women say they are disciplined at saving (68 percent). Six in 10 indicate that they enjoy financial planning (58 percent). One-half of women report that just as they think they have a handle on their finances, something always happens that sets them back from their financial goals (50 percent), while a similar proportion say that they pay off their credit cards at the end of every month (49 percent). Just over one-third of women say they frequently spend money when they do not plan to buy anything (37 percent), and nearly as many are not willing to take any financial risks, no matter what the gain (34 percent). Slightly more than one-quarter indicate they are willing to take substantial financial risk for substantial gain (27 percent). [See Figure 6.]

Figure 6: Attitudes About Finances and Buying Habits, Women

(n=376) Please indicate how well each of the following statements describes you



Women who are more likely to say they are often set back from their financial goals are unmarried, do not have a college degree, or have household income under \$50,000. Those who say they are disciplined savers and those who indicate they pay off their credit cards every month tend to be married, somewhat older, or have higher household income. [See Table 4.] Asian-American women are particularly likely to pay off their credit cards, while African-American women are more likely to be set back from their financial goals.

Table 4: Attitudes About Finances and Buying Habits, Selected Groups

Percentage Reporting Selected Statements Describe Them Very Well or Well

	Am Disciplined at Saving	Always Set Back Financially	Willing to Take Substantial Risks	Pay Off Credit Cards
	%	%	%	%
All Women	68	50	27	49
All Men	67	45	42	54
<u>Women</u>				
Age Under 35	61	58	37	37
Ages 35–49	67	51	25	49
Ages 50 and Over	75	41	22	58
Household Income < \$25,000	57	66	22	32
\$25,000–\$49,999	62	64	24	45
\$50,000 or More	76	34	36	55
High School or Less	73	57	29	38
Some College	60	57	21	50
College Degree or Higher	71	36	32	56
Married	74	45	32	54
Not Married	57	58	19	39
<u>Minority Groups</u>				
African-American Women	61	64	28	36
African-American Men	53	66	39	40
Hispanic-American Women	66	57	38	46
Hispanic-American Men	54	56	52	58
Asian-American Women	62	43	33	78
Asian-American Men	72	48	46	80

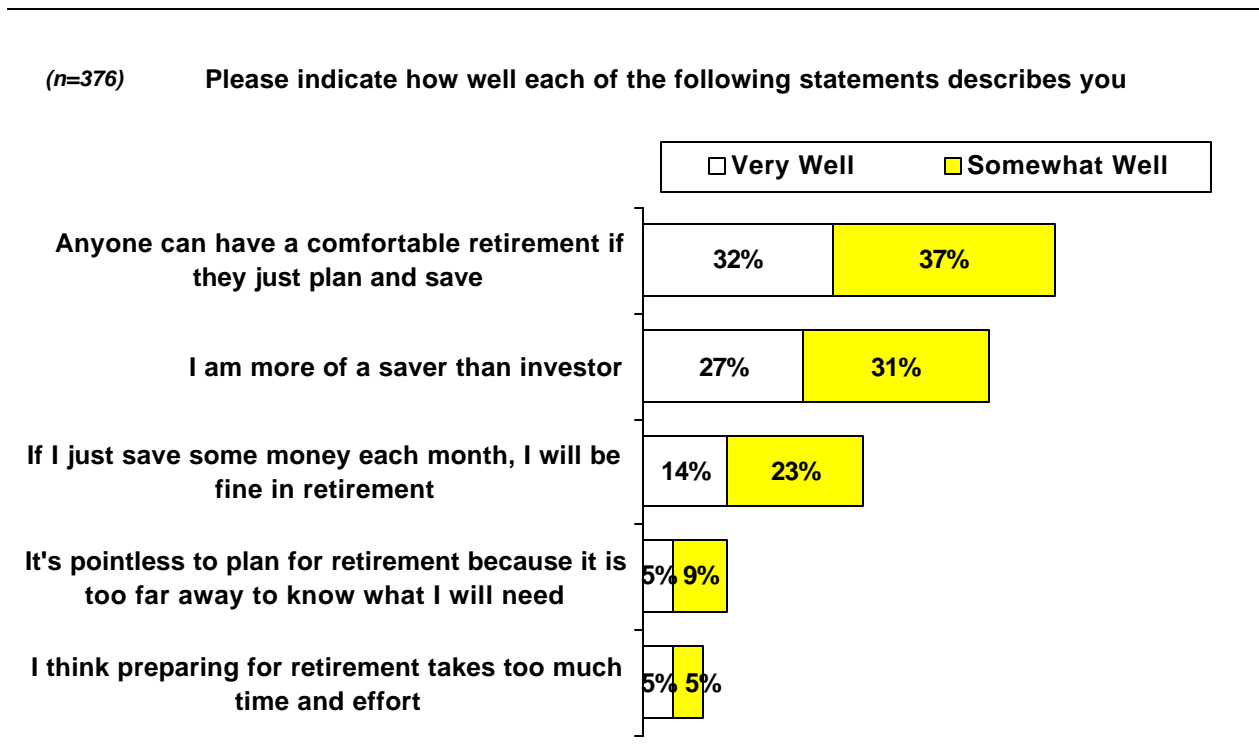
While women are more likely than men to say they are not willing to take any financial risks, no matter what the gain, minority women are especially risk averse.

Overall, men are more likely than women to indicate they are willing to take substantial financial risks. Among women who are more likely to accept these risks are those who are married, younger, and have higher incomes.

Women are more likely than men to state that they frequently spend money when they do not plan to buy anything.

Women were also asked to rate how well they are described by a series of statements about saving and planning. More than two-thirds of women believe that anyone can have a comfortable retirement if he or she just plans and saves (69 percent indicate the statement describes them *very* or *somewhat* well). More than one-half feel they are more of a saver than an investor (57 percent). Nearly two-fifths of women report they will be fine in retirement if they just save some money each month (37 percent). Just one in 10 say it is pointless to save because retirement is too far away (14 percent) or say that preparing for retirement takes too much time and effort (10 percent). In fact, roughly three in five women say these two statements do not describe them at all. [See Figure 7.]

Figure 7: Attitudes About Saving and Planning, Women



Women with lower incomes tend to say they are more of a saver than an investor and that they feel it is pointless to plan for retirement because it is too far away. Those without a college degree tend to also say that it is pointless to plan because retirement is too far away. Younger and married women are more likely to feel that anyone can have a comfortable retirement if they just plan and save. [See Table 5.]

While women are more likely than men to say they are more of a saver than an investor, minority females are no more likely than minority males to say this.

Asian-American women are less likely than their male counterparts to say that it is pointless to plan for retirement.

Table 5: Attitudes About Saving and Planning, Selected Groups

Percentage Reporting Selected Statements Describe Them Very Well or Well

	Pointless to Plan, Too Far Away	More of a Saver than Investor	If Save \$ Each Month, Will Be Fine	Anyone Can Have Comfort if Plan & Save
	%	%	%	%
All Women	14	57	37	69
All Men	13	47	44	73
<u>Women</u>				
Age Under 35	17	53	40	79
Ages 35–49	13	58	36	66
Age 50 and Over	13	59	36	66
Household Income < \$25,000	26	66	43	62
\$25,000–\$49,999	18	64	38	67
\$50,000 or More	7	43	34	75
High School or Less	22	60	46	75
Some College	16	64	36	71
College Degree or Higher	5	48	40	62
Married	14	54	36	73
Not Married	14	64	40	62
<u>Minority Groups</u>				
African-American Women	18	55	51	71
African-American Men	22	58	57	70
Hispanic-American Women	30	62	65	74
Hispanic-American Men	27	55	60	77
Asian-American Women	20	55	52	72
Asian-American Men	33	48	56	71

SOURCES OF RETIREMENT INCOME

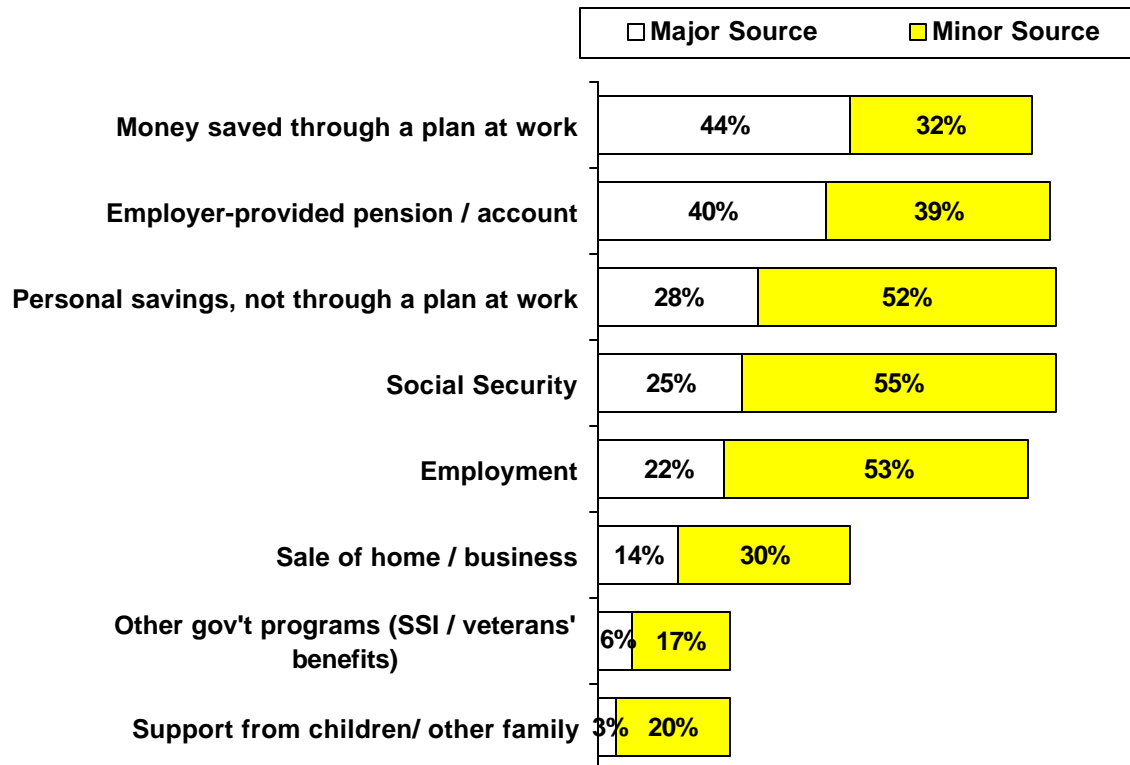
Among working age women, four out of 10 feel that money they personally save through a plan at work will be a major source of retirement income (44 percent). Nearly as many expect that money provided by an employer, like a pension, will be a major source (40 percent). [See Figure 8.]

Three in 10 indicate that personal savings outside of work will be a major source of retirement income (28 percent). One-quarter say they expect that Social Security will be a major source (25 percent). Two in 10 indicate that full- or part-time employment will be a major source of income (22 percent). Fewer expect that major sources of income will be the sale of a home or business (14 percent), government programs (6 percent), or support from children or other family members (3 percent).

Figure 8: Expected Sources of Retirement Income, Women

(n=376)

Percent expecting that each of the following will be a major or minor source of income in their retirement



Younger women are more apt to indicate that personal savings outside of a work plan will be a major source of income in retirement, while older women are more likely to expect to rely on Social Security. Women with higher incomes or education tend to expect that their major sources will be personal contributions to a plan at work and employer-provided money, while women with lower incomes anticipate that Social Security and employment will be their major sources of income. [See Table 6.] Married women also tend to cite employer-provided pensions more than unmarried women, who are more apt to identify Social Security or employment.

Hispanic-American women are more likely than women as a whole to say they expect to rely on employment as a major source of income in retirement.

Compared with men, women are slightly more likely to expect to rely on Social Security as a major source of income.

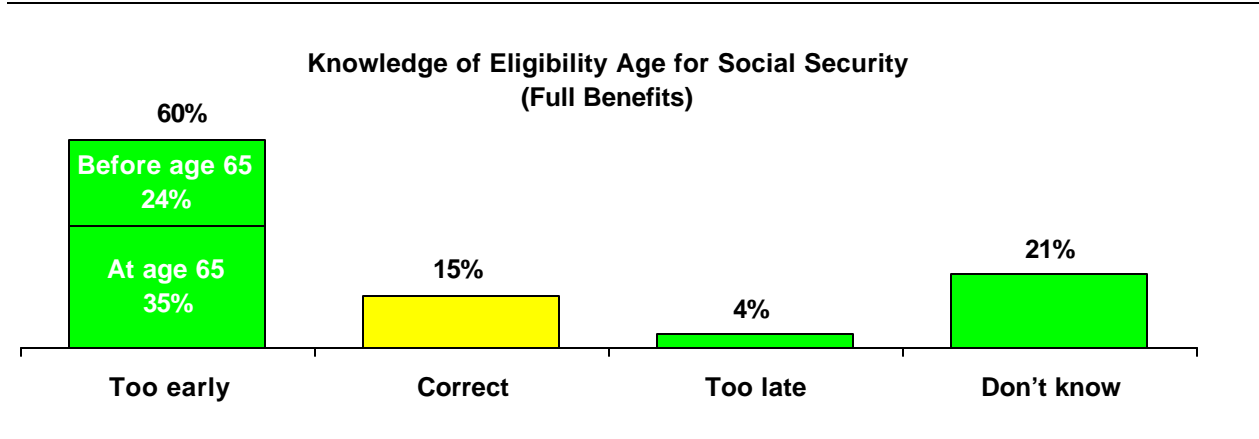
Table 6: Expected Major Sources of Retirement Income, Selected Groups

Percentage Reporting Selected Sources Expected to be a Major Source of Income in Retirement

	<u>Social Security</u>	<u>Employer-Provided Pension</u>	<u>Money Saved in Work Plan</u>	<u>Other Personal Savings</u>
	%	%	%	%
All Women	25	40	44	28
All Men	20	39	49	30
<u>Women</u>				
Age Under 35	20	40	47	44
Ages 35–49	20	41	51	22
Age 50 and Over	37	41	32	24
Household Income < \$25,000	55	26	26	29
\$25,000–\$49,999	24	40	42	24
\$50,000 or More	16	51	57	34
High School or Less	34	28	34	20
Some College	26	44	40	29
College Degree or Higher	17	48	58	35
Married	21	44	47	26
Not Married	33	33	39	34
<u>Minority Groups</u>				
African-American Women	32	45	44	31
African-American Men	42	46	42	31
Hispanic-American Women	28	31	29	21
Hispanic-American Men	18	29	29	27
Asian-American Women	19	38	42	30
Asian-American Men	21	28	57	35

More than six out of 10 working age women incorrectly state the age at which they will be eligible for full Social Security benefits. Most expect to be eligible for full benefits earlier than they actually will be. More than one-third expect to be eligible at age 65 (35 percent), while one-quarter think they will receive full benefits even before age 65 (24 percent). Four percent believe that they will be eligible for full Social Security benefits later than they actually will be. Another two in 10 admit that they do not know (21 percent). Just 15 percent of women are aware of the correct timing of their eligibility for Social Security benefits. [See Figure 9.]

Figure 9: Knowledge of Social Security Eligibility, Women



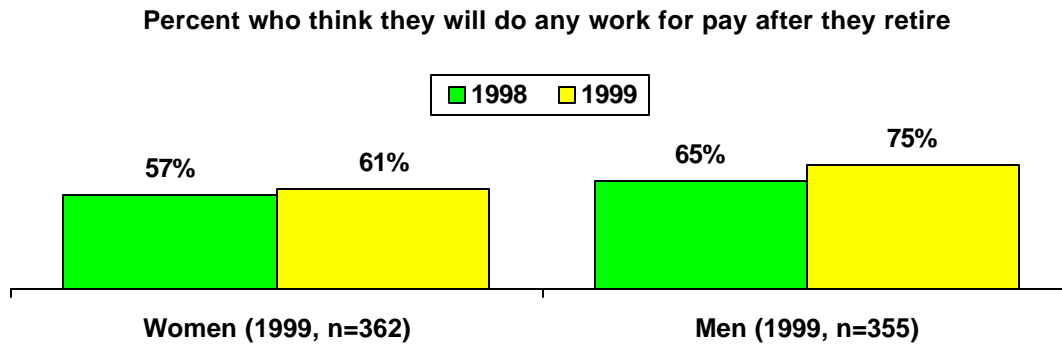
Younger women are more likely to underestimate how long they will have to wait for these benefits, while those 50 or older are more likely to state the correct age for eligibility.

WORKING IN RETIREMENT

Six in 10 women expect that they will work for pay in retirement (61 percent).
[See Figure 10.] Men are more likely to expect they will work in retirement (75 percent).

Figure 10: Working in Retirement, Women and Men, 1998-1999

(Among those who plan to retire)



Since last year, this expectation has increased among men, while for women it is relatively unchanged.

PREPARING FOR RETIREMENT

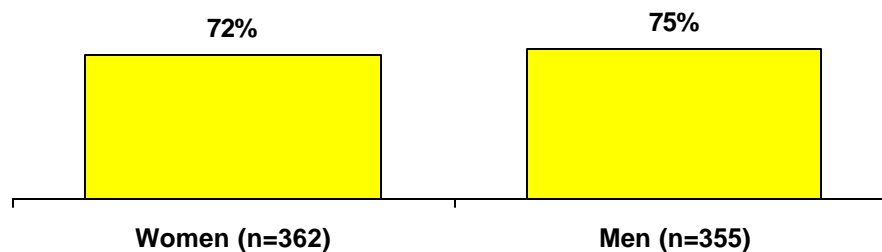
Savings Program for Retirement

Nearly three-quarters of women report they have an investing or savings program for their retirement (72 percent). A similar proportion of men indicate having such a program (75 percent). [See Figure 11.]

Figure 11: Investing or Savings Program, Women and Men

(Among those who plan to retire)

Percent who have an investing or savings program for their retirement



Employed women, as well as those with higher education and household incomes, are more likely than others to say they have a program for their retirement. African-American and Hispanic-American women are less likely than women as a whole to say they do.

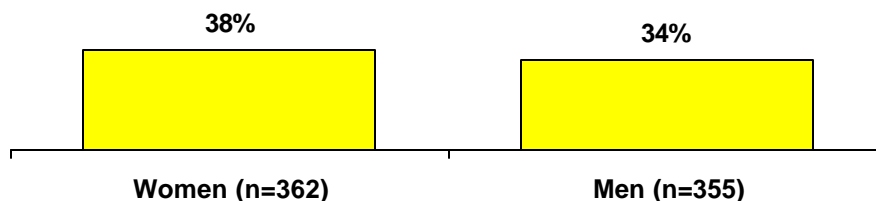
Long-Term Care Insurance

When asked whether or not they have thought about insurance coverage for long-term care or nursing home needs, six in 10 women say they have not done so (60 percent). Men are also unlikely to have thought about it; two-thirds say they have not done so (66 percent). [See Figure 12.]

Figure 12: Thought About Insurance for Long-Term Care, Women and Men

(Among those who plan to retire)

Percent who have thought about insurance coverage for long-term care or nursing home needs



Women age 50 and older are more likely to have given thought to these needs. Hispanic-American women are less likely than women as a whole to indicate they have considered these needs.

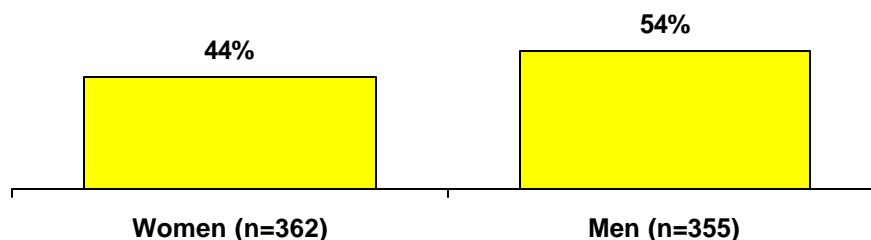
Savings Needs Calculation

More than four in 10 women report that they have tried to calculate how much money they will need to have saved by the time they retire, in order to have a comfortable retirement (44 percent). [See Figure 13.]

Figure 13: Retirement Needs Calculation, Women and Men

(Among those who plan to retire)

Percent who have tried to figure out how much money they will need to have saved by the time they retire so that they can live comfortably in retirement



As shown above, women are less likely than men to have tried to figure out an amount they need to save. Not surprisingly, education and income seem to be the

strongest determinants of whether a woman has tried to do such a calculation. [See Table 7.] Hispanic-American women are the least likely among females to report they have tried to calculate their retirement needs.

Over time, increasing proportions of both men and women report attempting a retirement needs calculation. A notable increase is evident from 1997; then, 39 percent of men and 32 percent of women said they had tried to figure out their retirement needs, compared with 54 percent and 44 percent (respectively) who report this in 1999. [See Figure 14.]

Figure 14: Retirement Needs Calculation, Women and Men (1993-1999)

(Percent Who Have Tried to Do a Needs Calculation)

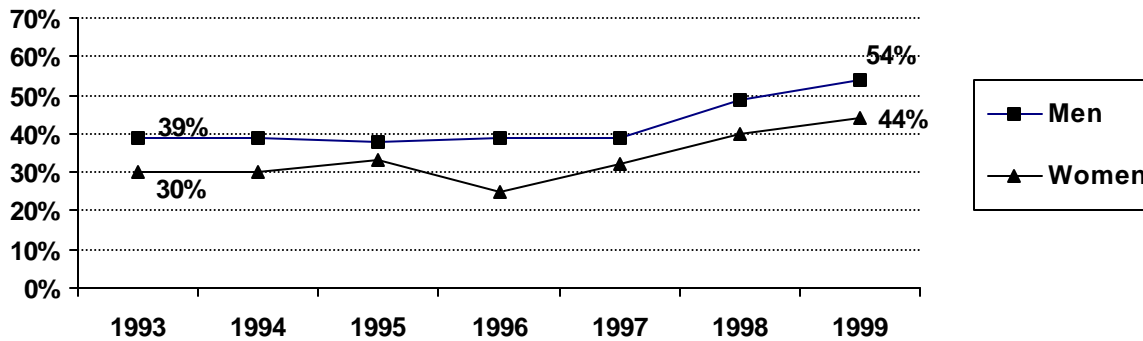


Table 7: Retirement Needs Calculation, Selected Groups

“Have you tried to figure out how much money you will need to have saved by the time you retire so that you can live comfortably in retirement?”

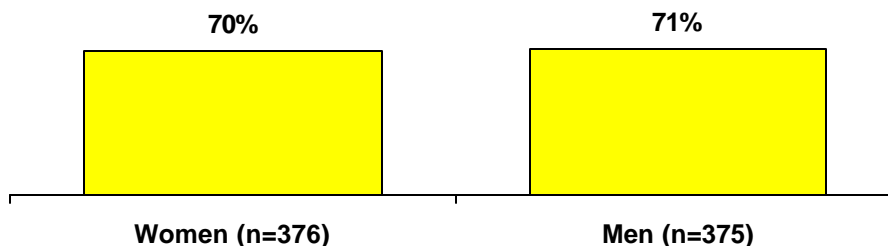
	<u>Yes</u> %	<u>No</u> %
All Women	44	53
All Men	54	46
<u>Women</u>		
Household Income < \$25,000	34	61
\$25,000–\$49,999	39	60
\$50,000 or More	53	44
High School or Less	32	63
Some College	42	56
College Degree or Higher	57	41
<u>Minority Groups</u>		
African-American Women	37	60
African-American Men	45	55
Hispanic-American Women	27	71
Hispanic-American Men	35	63
Asian-American Women	52	41
Asian-American Men	53	45

Saving for Retirement

Most women indicate that they have saved money for retirement. Seven out of 10 women say they have personally saved money for retirement (70 percent), while three in 10 have not (29 percent). [See Figure 15.]

Figure 15: Saving Money for Retirement, Women and Men

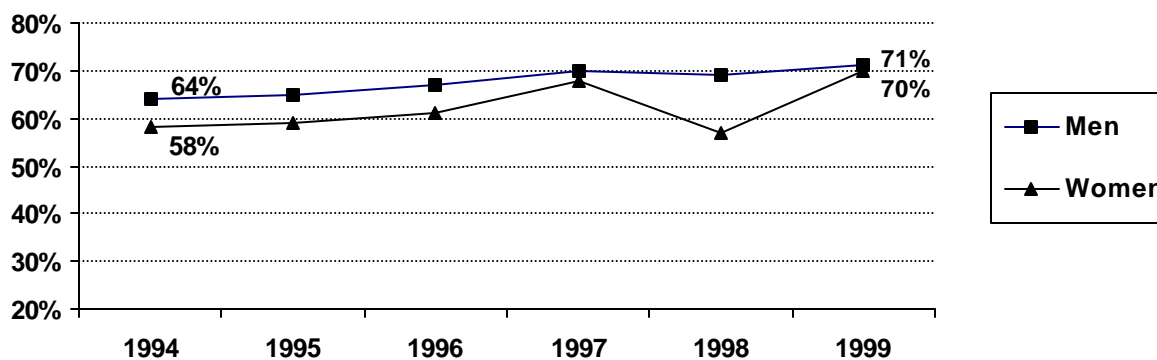
Percent who have personally saved any money for retirement, not including Social Security taxes or employer-provided money?



Since 1994, the proportion of women who have personally saved for retirement has increased enough to close the gap between men and women on this issue – from 58 percent in 1994 to 70 percent in 1999. [See Figure 16.]

Figure 16: Saving Money for Retirement, Women and Men (1994-1999)

(Percent Who Have Personally Saved Any Money for Retirement)



In 1999, employed women and those with higher levels of education or greater household incomes are more likely to have saved. African-American and, in particular, Hispanic- American women are less likely than other women to say they have saved. [See Table 8.]

Table 8: Saving Money for Retirement, Selected Groups

“Have you personally saved any money for retirement, not including Social Security taxes or employer-provided money?”

	<u>Yes</u> %	<u>No</u> %
All Women	70	29
All Men	71	28
<u>Women</u>		
Household Income < \$25,000	38	58
\$25,000–\$49,999	71	28
\$50,000 or More	85	15
High School or Less	64	33
Some College	63	37
College Degree or Higher	81	18
Employed	73	26
Not Employed	54	45
<u>Minority Groups</u>		
African-American Women	48	51
African-American Men	53	47
Hispanic-American Women	33	67
Hispanic-American Men	51	47
Asian-American Women	68	32
Asian-American Men	74	26

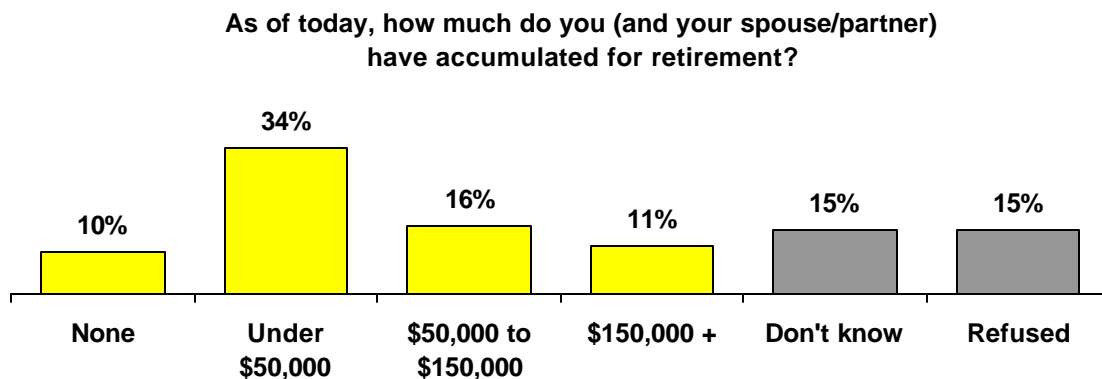
Despite the apparent equality in the likelihood of women and men having personally saved, married males, when asked about their spouse’s saving status, are more likely than married females to say that their spouse has *not* saved for retirement.

Attempting to do a retirement needs calculation as well as saving for retirement are two activities that appear to have a direct relationship to increased confidence in retirement. Women who have done either are more likely than others to indicate they are *very confident* about each of the retirement aspects discussed earlier in the report, including being able to cover various expenses and having enough money to live comfortably overall in retirement.

Amount Saved for Retirement

All women, regardless of whether or not they have saved, were asked how much money they have accumulated for retirement. One in 10 reveal they have nothing saved (10 percent), and an additional four in 10 women reveal they have less than \$50,000 (34 percent). Approximately one-quarter indicate they have saved over \$50,000 but less than \$150,000 (16 percent) or \$150,000 and over (11 percent). Nearly one-third of women say they do not know how much they have or are unable to respond. [See Figure 17.]

Figure 17: Amount Accumulated for Retirement, Women



No differences exist between the amount of savings reported by women and men. Among women, the amount saved increases with age, education, and income. Married women also report higher amounts saved. Interestingly, employment status seems to have no effect on the amount saved.

Hispanic- and African-American women are more likely than other females to say they have saved nothing for retirement, while African-American women are also much more likely to say they have less than \$50,000 accumulated.

Reasons for Saving

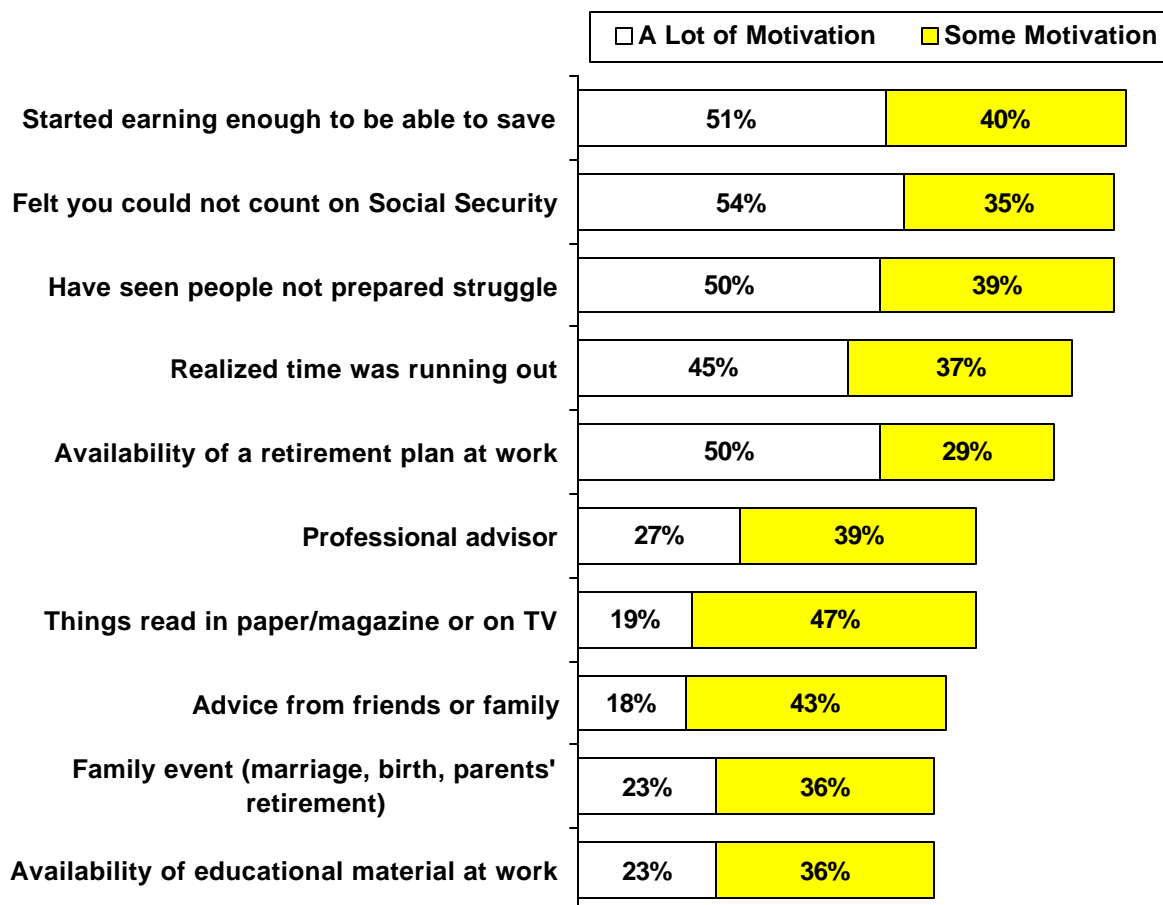
Over nine in 10 women who are saving for retirement say that they were motivated to save when they started to earn enough to be able to do so (51 percent say this gave them a lot of motivation, 40 percent say it gave them some motivation). Similar majorities also indicate they were motivated to start saving for retirement because they felt they could not count on Social Security (54 percent a lot, 35 percent some) and by seeing people not prepare and then struggle in retirement (50 percent a lot, 39 percent some). Eight in 10 women say they realized that time was running out to prepare (45 percent a lot, 37 percent some) and that they were motivated by the availability of a retirement plan at work (50 percent a lot, 29 percent some). [See Figure 18.]

Two-thirds of women indicate that a professional advisor (27 percent a lot, 39 percent some) or something they saw in a newspaper, magazine, or on TV (19 percent a lot, 47 percent some) motivated them. Roughly six in 10 say that a family event, such as a marriage, birth, or retirement (23 percent a lot, 36 percent some) and advice from friends or family (18 percent a lot, 43 percent some) got them to start saving. A similar proportion also report that the availability of educational material at work (23 percent a lot, 36 percent some) was a motivating factor for them to save.

Figure 11: Motivations Toward Starting to Save, Women

(Savers, n=262)

For each of the following, please indicate how much motivation it gave you to start saving for retirement



Women, more so than men, are given a lot of motivation to start saving for retirement upon realizing that time is running out to prepare and by the availability of educational material at work. Unmarried women are more likely to say that seeing unprepared people struggle and realizing that time was running out motivated them a lot, as did the advice of family or friends. Women under age 35 are more likely to have been motivated by a family event. [See Table 9.]

African-American females are most likely of all working age females (over age 25) who are saving for retirement to say they were motivated by the feeling that Social Security is unreliable.

Table 9: “A Lot” of Motivation Toward Starting to Save, Selected Groups

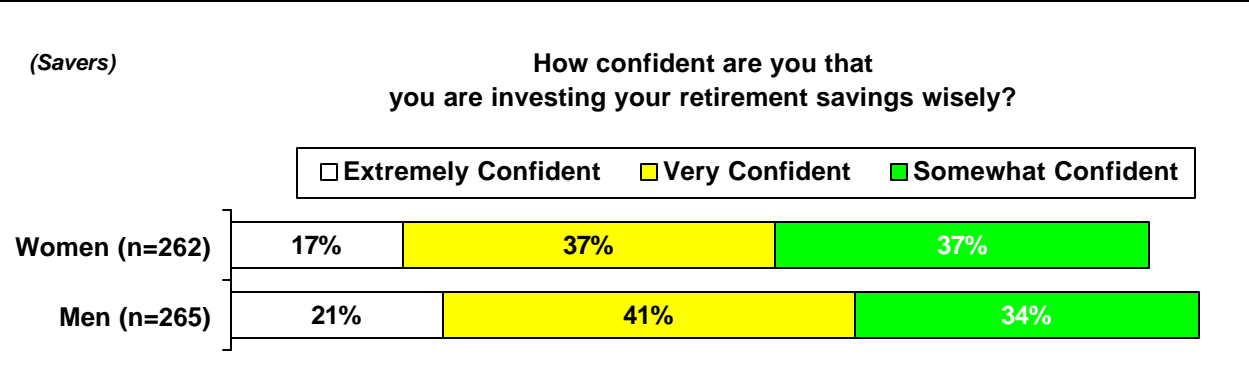
Percent Reporting Selected Item Gave A Lot of Motivation to Start Saving for Retirement

<i>(Savers)</i>	Educational Material at Work %	Realized Time Was Running Out %	Have Seen People Not Prepared %	Advice from Friends or Family %
All Women	23	45	50	18
All Men	14	33	47	18
<u>Women</u>				
Age Under 35	34	39	52	28
Ages 35–49	21	50	53	17
Age 50 and Over	15	44	44	11
Married	22	40	46	12
Not Married	23	55	60	30
<u>Minority Groups</u>				
African-American Women	23	43	58	19
African-American Men	25	54	60	33
Hispanic-American Women	31	44	50	22
Hispanic-American Men	23	47	58	26
Asian-American Women	19	36	39	12
Asian-American Men	23	34	46	20

Confidence in Investments

More than one-half of women who have saved for retirement are confident that they are investing their retirement savings wisely (17 percent say they are *extremely confident*, 37 percent are *very confident*). Another four in 10 say they are somewhat confident (37 percent) and only 7 percent report that they are not confident in their retirement investments. [See Figure 19.]

Figure 19: Confidence in Investment of Retirement Savings, Women and Men



Among women, those who are married and those with higher incomes are more likely to say they are extremely or very confident. Hispanic-American women are less likely than other women, and their male counterparts, to indicate confidence.

When making investment decisions regarding retirement savings, women rely upon various sources. Most married women report they use input from their spouse or partner (86 percent). [See Table 10.] In fact, one-quarter of all women report that information from a spouse or partner is the most helpful in making investment decisions about their retirement savings.

Six in 10 women indicate that they use advice from a financial professional (62 percent) or information from newspapers or magazines (58 percent) when making investment decisions. Many say they use written material they receive at work (56 percent), while others take advice from family or friends (45 percent). Others mention using information from TV or radio (36 percent), seminars (26 percent), the Internet or on-line services (24 percent), and computer software (17 percent).

Table 10: Sources Used When Making Investment Decisions, Women

(Savers, n=262)

<u>Source</u>	<u>Use</u> %	<u>Most Helpful Source</u> %
Input from spouse / partner (n=178)	86	24
Financial professional	62	30
Newspapers / magazines	58	6
Written material received at work	56	13
Advice from family / friends	45	14
Information from TV or radio	36	3
Information from seminars	26	3
Internet or on-line services	24	3
Computer software	17	1

Women are more likely than men to say they use the advice of a financial professional, while men are more apt than women to utilize computer software when making their investment decisions.

Among women, those who are married and those with higher incomes are more likely to say they use a financial professional, while unmarried women and those who have lower incomes are likely to indicate they use advice from family or friends. Women under age 35, who also tend to listen to family and friends' advice, are more likely to report using written materials received at work and the Internet or on-line services. Married women are also apt to say they use the Internet as an information source. Use of newspapers and magazines has a higher occurrence among college-educated women. [See Table 11.]

African-American women are especially likely to report they use written materials received at work.

Table 11: Sources Used When Making Investment Decisions, Selected Groups

Percentage Reporting They Use Source When Making Investment Decisions Regarding Their Retirement Savings

<i>(Savers)</i>	<u>Spouse</u>	<u>Advice of Financial Professional</u>	<u>Internet or On-line Services</u>	<u>Advice from Friends or Family</u>
	%	%	%	%
All Women	86	62	24	45
All Men	82	49	31	44
<u>Women</u>				
Age Under 35	95	63	37	66
Ages 35–49	86	59	22	42
Age 50 and Over	81	65	15	31
Household Income < \$25,000	86	44	16	80
\$25,000–\$49,999	83	56	15	51
\$50,000 or More	86	70	32	38
High School or Less	85	53	14	42
Some College	81	58	25	40
College Degree or Higher	90	71	30	50
Married	86	68	27	37
Not Married	--	49	17	61
<u>Minority Groups</u>				
African-American Women	86	55	23	58
African-American Men	84	50	25	48
Hispanic-American Women	94	44	38	53
Hispanic-American Men	75	42	32	47
Asian-American Women	87	51	58	62
Asian-American Men	75	47	51	57

NOT SAVING FOR RETIREMENT

While women cite many reasons for not saving for retirement, by far the most common reason is having too many current financial responsibilities (73 percent say this is a *major* reason, 12 percent say it is a *minor* reason for not saving). Many others indicate that they have other savings goals (37 percent major, 8 percent minor). Fairly equal proportions say they either expect to have a pension (28 percent major, 15 percent minor) or that there is no retirement savings plan offered at work (27 percent major, 9 percent minor). Some say they just do not know where to start (23 percent major, 15 percent minor). Others indicate that lots of time remains until retirement (20 percent major, 27 percent minor) or feel that Social Security will take care of them (15 percent major, 31 percent minor). Relatively few indicate they cannot find saving or investment information that they can understand and trust (15 percent major, 16 percent minor) or that they are not confident in their ability to make good decisions about saving (13 percent major, 12 percent minor). Even fewer say that preparing for retirement takes too much time and effort (9 percent major, 15 percent minor) or expect that family members will help them out (7 percent major, 16 percent minor) in their retirement. [See Table 12.]

Table 12: Reasons for Not Saving for Retirement, Women

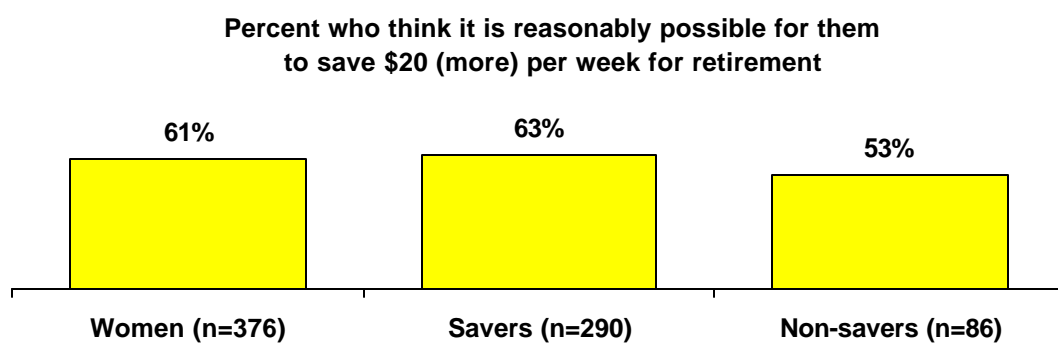
<i>(Non-savers, n=86)</i>	<u>Major Reason</u> %	<u>Minor Reason</u> %	<u>Not a Reason</u> %
Too many current financial responsibilities	73	12	13
Have other savings goals	37	8	52
Expect a pension	28	15	55
No retirement savings plan offered at work	27	9	63
Do not know where to start	23	15	59
Lots of time remains until retirement	20	27	51
Social Security will take care of me when I retire	15	31	52
Cannot find saving or investment information that I can understand and trust	15	16	67
Not confident in ability to make good decisions about saving	13	12	74
Preparing for retirement takes too much time and effort	9	15	74
Family members will help out	7	16	76

Women are more likely than men to indicate the reason they are not saving for retirement is that they have too many financial responsibilities. Minority females are less likely than women as a whole to say they have too many current financial responsibilities.

OPPORTUNITIES TO SAVE

When women are asked if it is reasonably possible for them to save \$20 (more) per week for retirement, six out of 10 report that they could (61 percent). Among women who *have not saved* for retirement, just over one-half say they could save \$20 per week for retirement (53 percent). Among those who *have saved* on their own for retirement, over six in 10 indicate that they could save an additional \$20 per week (63 percent). [See Figure 20.]

Figure 20: Saving \$20 Per Week for Retirement, Women



Among savers, women are less likely than men to report that they could save the \$20 (more) per week; however, among nonsavers, women and men do not differ. An ability to save \$20 (more) per week for retirement tends to be reported by women with higher incomes. [See Table 13.]

African-American women are more likely than Asian- and Hispanic-American women, as well as African-American men, to say they cannot save an extra \$20; this is true especially among nonsavers.

Table 13: Saving \$20 Per Week for Retirement, Selected Groups

“Do you think it is reasonably possible for you to save \$20 (more) per week for retirement?”

	<u>Yes</u> %	<u>No/Don't</u> <u>Know</u> %
All Women	61	38
All Men	71	29
<u>Women</u>		
Household Income < \$25,000	46	54
\$25,000–\$49,999	58	41
\$50,000 or More	70	29
<u>Minority Groups</u>		
African-American Women	55	45
African-American Men	74	24
Hispanic-American Women	63	37
Hispanic-American Men	80	20
Asian-American Women	71	29
Asian-American Men	62	37

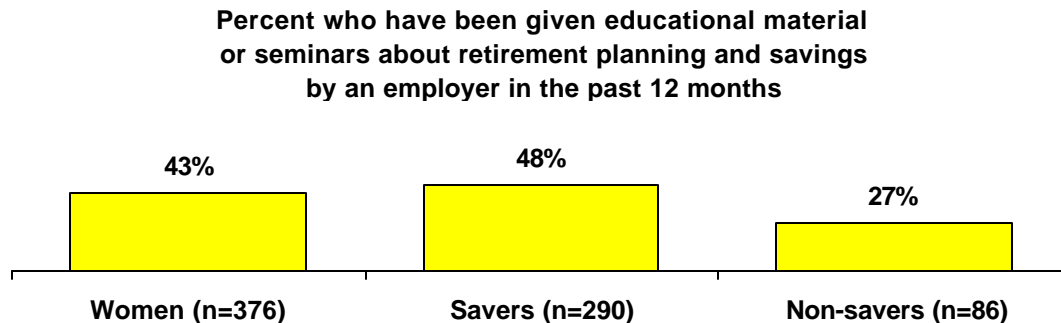
Women who indicate that they could save \$20 per week for retirement were asked what items they would give up or cut back on in order to save that amount. The most frequently mentioned items are dining out and entertainment (21 percent each). Others mention groceries (11 percent) and clothing expenditures (9 percent), while some even say they would not need to give up anything (8 percent).

Women are more likely than men to say they could cut back on groceries and clothing purchases, and less likely to report that they would not need to give up anything. Those women who tend to say they would not need to give up anything are age 50 and older or have relatively higher incomes. African-American women are also more likely than females as a whole to say this.

EMPLOYER-PROVIDED EDUCATIONAL MATERIALS

Over four in 10 working women indicate that they have received employer-provided educational material or seminars about retirement planning and savings in the past year (43 percent), while more than one-half say they have not. [See Figure 21.]

Figure 21: Employer-Provided Retirement Education, Women and Saving



Interestingly, there is a relationship between receiving retirement education material from an employer and saving for retirement. Women who have saved for retirement are more likely to say they did receive such information (48 percent), than those who have not saved (27 percent).

Women with higher levels of education and household income are more likely to report they received retirement planning information from an employer. [See Table 14.] Hispanic-American women are far less likely to say they received such materials.

Table 14: Employer-Provided Retirement Education, Selected Groups

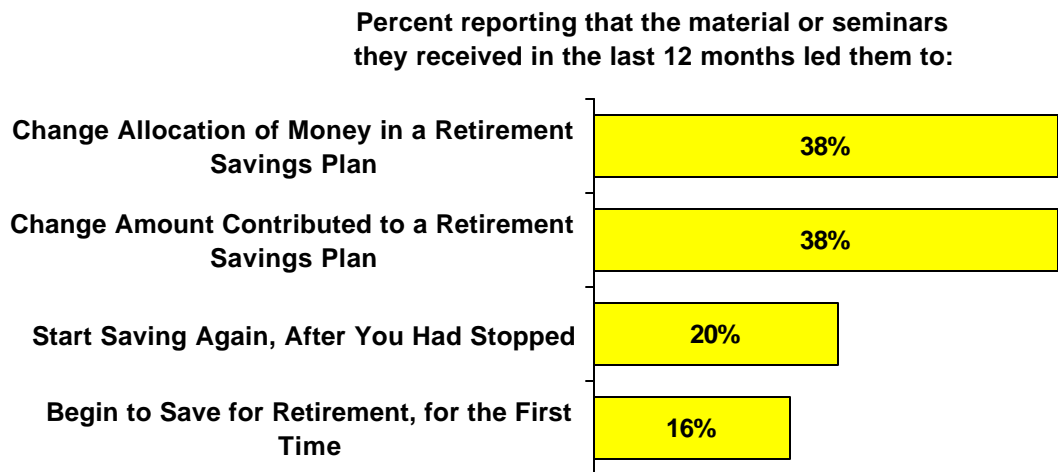
“In the past 12 months, has an employer given you educational material or seminars about retirement planning and savings?”

	<u>Yes</u> %	<u>No</u> %
All Women	43	56
All Men	41	59
<u>Women</u>		
Household Income < \$25,000	29	71
\$25,000–\$49,999	44	55
\$50,000 or More	50	49
High School or Less	30	69
Some College	52	47
College Degree or Higher	45	55
<u>Minority Groups</u>		
African-American Women	44	56
African-American Men	41	59
Hispanic-American Women	25	73
Hispanic-American Men	41	59
Asian-American Women	37	62
Asian-American Men	46	54

Among women who received retirement planning materials from their employer *and* have saved for retirement, four out of 10 say that as a result, they changed the allocation of money in a retirement savings plan or changed the amount they contribute to the plan (38 percent each). [See Figure 22.] Two in 10 report they started saving again, after they had stopped (20 percent), while slightly fewer indicate the materials caused them to begin to save for retirement, for the first time (16 percent).

Figure 22: Effect of Employer-Provided Materials, Women

(Among those who received retirement planning materials from an employer, n=138)



Those with household incomes under \$25,000 are more likely to say that the materials caused them to start saving for retirement, for the first time.

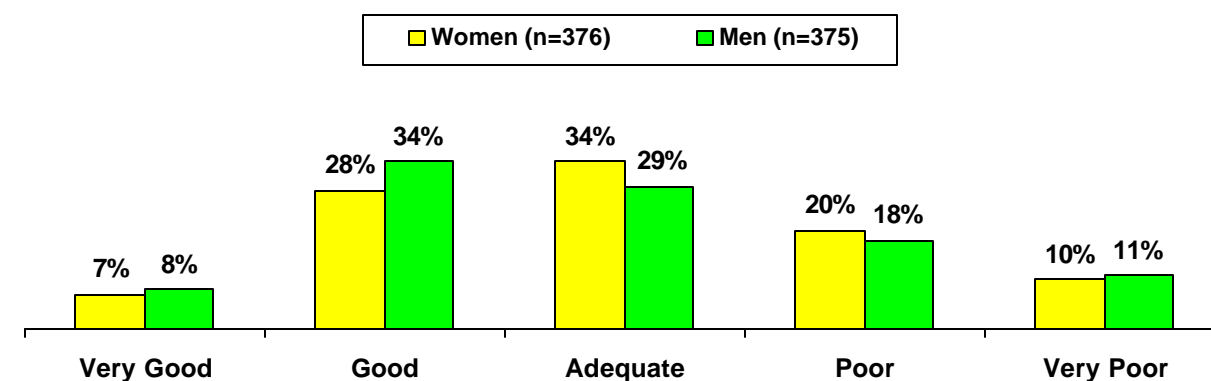
RETIREMENT READINESS RATING

The Retirement Readiness Rating is designed to indicate how well individuals are preparing for retirement. On a scale of 0 to 25, each respondent receives a score based on factors such as: whether or not they have saved for retirement, completed a retirement savings needs calculation, established an investing or savings program for retirement, and their attitudes toward various aspects of preparing for retirement.

Based on this rating, only 7 of women appear to be doing a *very good* job (scoring 21 to 25) of preparing for retirement. Nearly three in 10 seem to be doing a *good* job (28 percent, scoring 16 to 20). More than one-third appear to be doing an *adequate* job (34 percent, scoring 11 to 15). The preparations of the remaining three in 10 seem to be *poor* (20 percent, scoring 6 to 10) or *very poor* (10 percent, scoring 0 to 5). [See Figure 23.]

While women do not score highly on the Retirement Readiness Rating, they do not differ significantly from men.

Figure 23: Retirement Readiness Ratings, Women and Men



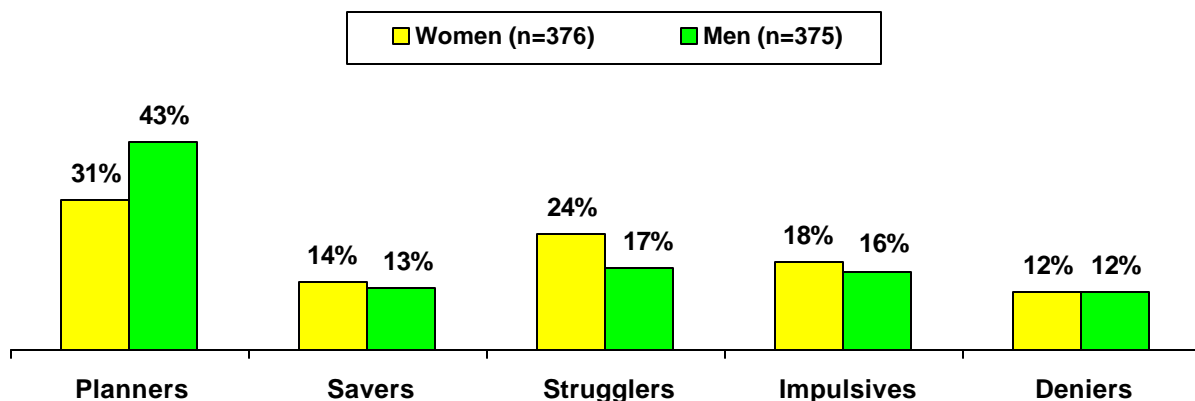
Higher income and married women tend to have good or very good ratings. Women with less education, lower incomes, or who are not married are likely to receive lower scores.

RETIREMENT PERSONALITY TYPES

An additional analysis was performed to segment respondents into personality types based on responses to statements about saving and buying habits, and statements about saving and planning for retirement. The ultimate result is distinct groups of individuals who respond similarly and in ways that clearly distinguish them from other groups. (Female and male respondents were separated *after* this segmentation analysis).

Three in 10 women are Planners (31 percent): they are disciplined savers and financial risk-takers, and enjoy financial planning. Just over one in 10 are Savers (14 percent): they are careful with money, rarely carry credit card debt, are seldom set back by unexpected events, and tend to be risk-averse. One-quarter are Strugglers (24 percent): this type of woman considers herself a disciplined saver but, although not an impulse shopper, tends to carry credit card debt, and is often set back financially, making saving more difficult. Two in 10 women are Impulsives (18 percent): they believe that a comfortable retirement is possible and are willing to take financial risks, but are not disciplined at saving, and are prone to impulse buying and financial setbacks. One in 10 women are Deniers (12 percent): they usually do not plan for financial needs, and think that planning for retirement is pointless and that it takes too much time and effort. [See Figure 24.]

Figure 24: Personality Types, Women and Men



Men are more likely to be Planners, which is consistent with the fact that men are more willing to take financial risks. Women are more likely to be Strugglers, perhaps explaining why women are more likely than men to say a reason they do not save is that they have “too many financial responsibilities.”

SURVEY IMPLICATIONS

There are many positive findings among women with regards to retirement saving and planning:

- A majority of working-age women are saving on their own for retirement. Seventy percent of women say they have personally saved money for retirement, and survey information from past years shows that this proportion continues to grow.
- Younger women are more likely to expect personal savings outside of work to be a major source of income in their retirement. On the other hand, older working-age women are more likely to expect to rely on Social Security.
- Most women savers say they were motivated to start saving for retirement when they started earning enough money to be able to do so. Other strong motivators include: they felt they could not count on Social Security and seeing people not prepare and then struggle in retirement. Many were motivated by the availability of a retirement plan at work.
- Women utilize a variety of sources when making investment decisions about their retirement savings. Most married women who are saving report using input from their spouse or partner and more than one-half of working-age women use advice from a financial professional, information from newspapers or magazines, or written material they receive at work.
- More than one-half of women who have not saved for retirement report that they could save \$20 per week for their retirement and more than 60 percent of those who have saved, could save an additional \$20 per week for their retirement.

There are, however, some important findings to consider when targeting areas for educating women about retirement planning and saving:

- Although so many working age women have saved for retirement, more than one-half of all women have not tried to determine how much money they will need to

save for retirement. More than 40 percent of women have attempted to figure out how much they will need.

- Women are more likely than men to report they are not willing to take any financial risks, no matter what the gain. Women are also more likely than men to say they are more of a saver than an investor.
- The most common reason women cite as a major reason they have not saved for retirement is that they have too many current financial responsibilities. Some other major reasons include: they have other savings goals, they expect to have a pension, or that there is no retirement savings plan offered at work.
- There is a positive relationship between the receipt of employer-provided educational material or seminars about retirement planning and savings and saving for retirement. Women who have begun saving for retirement are more likely to say they have received information from an employer. More than one-half of women have not received any employer-provided educational material in the past year.

Determining the attitudes and behaviors of women toward planning and saving for retirement is important in the ongoing efforts of organizations to better understand all segments of society and to develop appropriate savings messages and tools to help the American public.

Last year, the results of the Women's RCS were highlighted at the National Women's Forum on Retirement Education, held on November 12, 1998 at the National Museum of Women in the Arts in Washington, DC. The initiative aimed to help women overcome the gender gap in retirement savings. It featured actress Stefanie Powers as moderator, along with five panelists with expertise in retirement issues.

The forum was sponsored by ASEC, the National Association for Female Executives (NAFE), and the Center for Retirement Education. It was produced in cooperation with *Working Women* and *Working Mother* magazines, and underwritten by ASEC Charter Partner American General Financial Group/VALIC.