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News

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Single Women are in Peril of Achieving a Financially Secure Retirement
Stark Realities Uncovered by the Ninth Annual Transamerica Retirement Survey

LOS ANGELES – September 17, 2008 – Many single women¹ are ill-prepared and unlikely to achieve a financially secure retirement if they don't take action now, according to the findings of the Ninth Annual Transamerica Retirement Survey. This demographic, which makes up a majority of women in the U.S.², dreams of a retirement filled with traveling, pursuing hobbies, and spending more time at home with family and friends. However, many may never realize these dreams and many may not be able to afford to retire at all.

Single women estimate needing a median amount of \$500,000 by the time they reach retirement. However, more than one-third report that they have saved less than \$25,000 for retirement, while only one in 10 report having saved more than \$100,000. When asked how they arrived at their estimate, nearly two-thirds of single women admit they guessed the answer. Notably, only 6 percent completed a worksheet or calculation, or received their estimate from a financial advisor.

The survey found that single women most frequently cite self-funded savings like 401(k) plans and IRAs as their expected primary source of income in retirement, yet only 69 percent of single women who work full-time report that their current employer offers them a 401(k) plan. This can be explained, in part, by the fact that a majority of single women (56 percent) would prefer a job with a higher salary over one with excellent retirement benefits. For single women who work part-time, the picture is even gloomier: the survey found that 64 percent of them have no retirement benefits offered to them by their employer.

As for single women who have access to a 401(k) or a similar plan through their employer, not all take advantage of the opportunity to save. The survey found that only 70 percent participate in the plan with a median contribution rate of 6 percent.

“Too many single women are still not saving for retirement, and those who are should be saving much more,” says Catherine Collinson, president of the Transamerica Center for Retirement Studies, a non-profit corporation. “For most single women, their current savings rates are unlikely to build a large enough retirement nest egg. It’s important for everyone to conduct a proper analysis to estimate their retirement needs and to create a plan that will help get them there.”

A Difficult Balance: Today’s Necessities vs. Tomorrow’s Dreams

Single women face competing financial priorities which influence their ability to save for retirement. The majority of single women cite either “just getting by” (33 percent) or “paying off debt” (30 percent) as their greatest financial priority while only 17 percent cite “saving for retirement.”

¹ Single Women include: Single, Never Married, Divorced, Widowed, and Separated.

² Roberts, Sam. “51% of Women Are Now Living Without Spouse.” New York Times. 16 January 2007.

Further, the survey found that single women frequently (46 percent) cite “outliving their money” as one of their greatest fears about retirement. Their fears are well-founded in that studies have shown that elderly women are more likely to live in poverty and marital status is one of the critical factors that determine whether they will become or stay poor in retirement.³

“Despite greater financial independence, women also have longer life expectancies and they are more likely to work part-time or take time out of the workforce to be mothers and caregivers,” says Collinson. “These circumstances make it much more difficult for many women to adequately save for retirement, so it’s important they remain mindful of the implications of their life and employment-related decisions and how to adapt accordingly.”

Take Action Now to Increase the Likelihood of Achieving a Secure Retirement

“Balancing today’s financial priorities with saving for retirement is quite challenging for many,” says Collinson, “yet, single women can take action to help improve their outlook for a secure retirement.” Single women can increase the likelihood of achieving their retirement dreams by taking the following steps:

- Get educated
 - Take advantage of information and assistance available through employer-sponsored retirement plans and other reputable sources to learn about retirement planning and investing concepts.
 - Take advantage of self-help tools such as online calculators to help assess retirement needs
- Assess current financial priorities and long-term savings needs.
 - Assess competing financial priorities and seek a balance between immediate needs and saving for retirement.
 - Calculate retirement savings needs and create a savings plan for achieving them. In the event of shortfalls, seek a balance between saving more, investing more effectively and working longer.
- Translate plans into action
 - Start saving as soon as possible.
 - Be sure to consider retirement benefit offerings when assessing future employment opportunities.
 - Make the most of employer-sponsored retirement plans. If possible, save for retirement outside of work as well.
 - Avoid borrowing or withdrawing from retirement account prior to reaching retirement age.

To learn more about single women and opportunities to improve their financial well-being, please visit www.transamericacenter.org.

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³ Lee, Sunhwa. Shaw, Lois B. Institute for Women’s Policy Research. “From Work to Retirement: Tracking Changes in Women’s Poverty Status.” Summary of the AARP Research Paper. February 2008.

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About the Survey

2007 Study: This Ninth Annual Transamerica Retirement Survey was conducted online within the United States by Harris Interactive on behalf of Transamerica Center for Retirement between October 11 and November 21, 2007 among 2,011 full-time workers and 1,001 part-time workers. Potential respondents were targeted based on job title and full-time and part-time status. Respondents met the following criteria: All U.S. residents, age 18 or older, full-time workers or part-time workers in for-profit companies, and employer size of 10 or more. Results were weighted as needed for the number of employees at companies in each employee size range and an omnibus phone survey was utilized to adjust for respondents' propensity to be online versus the telephone as in the previous years' waves. No estimates of theoretical sampling error can be calculated; a full methodology is available.