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**Women Still Struggling with Saving for Retirement**  
*Results of the Annual Transamerica Survey Highlights Issues and Opportunities*

LOS ANGELES – September 24, 2007. Despite the high-importance placed on retirement savings, findings from the Eighth Annual Transamerica Retirement Survey found that women’s confidence in their ability to retire with a lifestyle they consider as comfortable has remained low and unchanged since 2004, with only 23 percent claiming to be very confident.

401(k) plan accounts and IRAs were most frequently cited by women as their expected primary source of income to cover living expenses at retirement (46 percent), while 73 percent of the women surveyed rate a 401(k) or other employee self-funded plan as a very important benefit. Fifty-eight percent of women also stated that they would choose a job with excellent retirement benefits that meets their minimum salary requirements over a job with higher than expected salary but inferior retirement benefits. In addition, 49 percent of women whose job does not offer a retirement plan indicated they were very likely to leave for one that does, an increase from 28 percent in 2004.

While these may appear to be positive signs, the survey results also revealed little progress—and some alarming trends—in terms of women better preparing themselves for retirement:

- There has been a 6 percent drop in 401(k) plan participation rates among women—from 76 percent in 2004 to 70 percent in 2006—while median plan contribution rates remain the same at 6 percent of pay.
- There also has been a 31 percent increase in the number of women who were “not sure” how much they need to save for retirement—up from 11 percent in 2004 to 42 percent in 2006. In addition, there was a 12 percent increase—from 33 percent to 45 percent—for those who simply “guessed” their savings estimates.
- There has been slight improvement—with a 5 percent decrease—among those women who stated that they don’t know as much as they should about retirement investing—with 75 percent in agreement in 2006 versus 80 percent in 2004.

**A Difficult Balance: Today’s Necessities and Saving for Retirement**

Many women find it difficult to save for retirement while juggling financial priorities. Although saving for retirement is women’s greatest financial priority (21 percent), almost as many women cite that their highest priority is simply covering basic living expenses (19 percent). Covering basic living expenses is also the most frequently cited reason for not saving more for retirement (40 percent).

Government studies continue to illustrate the challenges women face. The female-to-male earnings ratio is 77 percent, with full-time, year-round women earning a median salary of \$31,858 compared to men earning \$41,386.<sup>1</sup> Twenty-four percent of the households in the United States with children under 18 years old are headed

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<sup>1</sup> U.S. Census Bureau: Income, Poverty, and Health Insurance Coverage in the United States, 2005.

by women with no husband present, more than three times the number of households headed by men with no wife present.<sup>2</sup> With their roles as caregivers in our society, women are more likely to take time out of the workforce or work part time. In fact, 25 percent of women in the workforce work part time compared to only 11 percent of men.<sup>3</sup>

These challenges also have far-reaching implications for women and their future financial security during retirement. “One of the keys to success in saving for retirement is consistently saving over a long period of time to enjoy the benefits of compounding,” says Catherine Collinson, market trends expert for the Transamerica Center for Retirement Studies. “Lower wages and breaks in employment not only result in saving less but also limit the opportunity for the savings to grow over time.”

Women have increased life expectancy and are more likely to require long-term care, so they need to save more. Yet, the Eighth Annual Transamerica Retirement Survey found that women estimated their median retirement savings needs at \$500,000, which was half of the \$1,000,000 that men estimated. The consequences of not saving enough can be devastating. Of America’s population aged 65 and over, 12.5 percent of women live in poverty compared to 7.3 percent of men.<sup>4</sup>

“For women who feel they can’t afford to save, it’s important for them to ask themselves whether, in the long run, they can afford not to,” says Collinson.

### **Getting Educated is Imperative**

The Eight Annual Transamerica Retirement Survey results underscore the need for women to get better educated about retirement planning. Three-quarters of the women surveyed agreed that they don’t know as much about retirement investing as they should.

Only 22 percent of women agreed that they have a very good understanding of the principles of asset allocation, which is fundamental to retirement investing. Further, women tend to invest more conservatively than men, suggesting that women should assess their retirement accounts to ensure their investments are consistent with their risk tolerance, savings horizon, and targeted returns. The survey results also highlighted a great starting point: only 11 percent had completed a worksheet or calculation to estimate their retirement savings needs.

“For many women, estimating retirement savings needs may seem overwhelming,” says Collinson. “However, it’s even more difficult to chart a course without a destination in mind. Getting educated is an important first step towards improving confidence.”

Over half of the women surveyed (58%) would like to receive more information and advice from their employers on retirement savings. Company-sponsored retirement plan providers are continually enhancing their educational resources, so it’s important to take advantage of their latest offerings.

Other educational resources have been developed for the public and private sector to provide education on financial literacy and preparing for retirement. These resources include:

- The U.S. Financial Literacy and Education Commission. [www.mymoney.gov](http://www.mymoney.gov)
- Wi\$e Up by the DOL Women’s Bureau. <http://wiseupwomen.tamu.edu/>
- Women’s Institute for a Secure Retirement – WISER. [www.wiserwomen.org](http://www.wiserwomen.org)
- AARP. [www.aarp.org/finance](http://www.aarp.org/finance)
- Yahoo! Finance. <http://finance.yahoo.com/retirement>
- Transamerica Center for Retirement Studies. [www.transamericacenter.org](http://www.transamericacenter.org)

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<sup>2</sup> Small Business Administration, The Small Business Economy for Data Year 2006, December 2006.

<sup>3</sup> U.S. Bureau of Labor Statistics: Highlights of Women’s Earnings in 2003. Report 978. September 2004.

<sup>4</sup> U.S. Census Bureau, 65+ in the United States: 2005.

**About Transamerica Center for Retirement Studies**

The Transamerica Center for Retirement Studies (“The Transamerica Center”) is a non-profit corporation. The Transamerica Center’s research emphasizes employer-sponsored retirement plans, issues faced by small- to mid-sized companies and their employees, and the implications of legislative and regulatory changes. For more information about The Transamerica Center, please refer to [www.transamericacenter.org](http://www.transamericacenter.org).

**Eighth Annual Transamerica Retirement Survey:****About the Survey**

Harris Interactive was commissioned to conduct the Eighth Annual Transamerica Retirement Survey. There are two components to the survey: Employer and Worker. Where appropriate, questions were tracked and some new questions were added to investigate new topics of interest.

**Worker Survey Component**

This survey was conducted via telephone by Harris Interactive within the U.S. between July 27 and October 7, 2006 among 1,402 workers. Respondents met the following criteria: work full-time for pay at a company with at least 10 employees, are age 18 or older, and do not work for the government nor a non-profit organization. Figures for age, sex, race/ethnicity, education, region and household income were weighted where necessary to bring them into line with their actual proportions in the population. Data were weighted to ensure that each quota group had a representative sample based on the number of employees at companies in each employee size range. With a pure probability sample of 1,402, one could say with a 95 percent probability that the overall results would have a sampling error of +/- 2.6 percentage points. Sampling error for data based on sub-samples would be higher and would vary. However, that does not take other sources of error into account.

**About Harris Interactive**

Harris Interactive is the 12th largest and fastest-growing market research firm in the world. The company provides research-driven insights and strategic advice to help its clients make more confident decisions which lead to measurable and enduring improvements in performance. More information about Harris Interactive may be obtained at [www.harrisinteractive.com](http://www.harrisinteractive.com).