Women Take the Wheel – Destination Retirement

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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

• 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)
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


• 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
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.

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:

1 out of 2 males
1 out of 2 females

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

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

Odds a wife outlives her husband by...

10 years
11%
15 years
16%
20 years
20%

Odds a husband outlives his wife by...

10 years
16%
15 years
16%
20 years
18%

For a personalized look at longevity, see 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)?

<table>
<thead>
<tr>
<th>Concern</th>
<th>Pre-retirees</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male (n = 511)</td>
<td>Female (n = 519)</td>
</tr>
<tr>
<td>The value of your savings and investments might not keep up with inflation.</td>
<td>71% (a)</td>
<td>83% (b)</td>
</tr>
<tr>
<td>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.</td>
<td>68%</td>
<td>78%</td>
</tr>
<tr>
<td>You might not have enough money to pay for adequate health care.</td>
<td>72%</td>
<td>77%</td>
</tr>
<tr>
<td>You might deplete all your savings.</td>
<td>63%</td>
<td>75%</td>
</tr>
<tr>
<td>You may not be able to stay in your home as you age.*</td>
<td>47%</td>
<td>57%</td>
</tr>
</tbody>
</table>

* Asked among homeowners

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

Impact of Inflation

Year

Value

2%

3%
## 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?

<table>
<thead>
<tr>
<th>Example</th>
<th>Pre-retirees</th>
<th>Retirees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male (n = 511)</td>
<td>Female (n = 519)</td>
</tr>
<tr>
<td>Located near family</td>
<td>64%</td>
<td>83%*</td>
</tr>
<tr>
<td>Located near friends</td>
<td>57</td>
<td>74*</td>
</tr>
<tr>
<td>A culture of mutual support: neighbors or friends who help each other when they need it</td>
<td>62</td>
<td>71*</td>
</tr>
<tr>
<td>Gives you a sense of belonging to a community</td>
<td>48</td>
<td>65*</td>
</tr>
<tr>
<td>The ability to receive help with chores, like cleaning or laundry</td>
<td>50</td>
<td>62*</td>
</tr>
<tr>
<td>Public services for seniors, such as library courses or senior centers</td>
<td>46</td>
<td>57*</td>
</tr>
<tr>
<td>Opportunities for social engagements, such as shared meals, bridge clubs or holiday parties</td>
<td>36</td>
<td>46*</td>
</tr>
</tbody>
</table>

-NOTE: “A” designates a significant difference from the prior column.

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SOA Research on Individuals Age 85 and Over
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

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Age Group</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>65–84</td>
<td>85+</td>
<td>65–84</td>
</tr>
<tr>
<td>Married</td>
<td>72%</td>
<td>51%</td>
<td>48%</td>
</tr>
<tr>
<td>Divorced and Separated</td>
<td>13%</td>
<td>7%</td>
<td>17%</td>
</tr>
<tr>
<td>Widowed</td>
<td>10%</td>
<td>38%</td>
<td>30%</td>
</tr>
<tr>
<td>Never Married</td>
<td>5%</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

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

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

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.

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)

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

* 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 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

Women Take the Wheel: Destination Retirement

Lessons Learned from Retirees
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?