

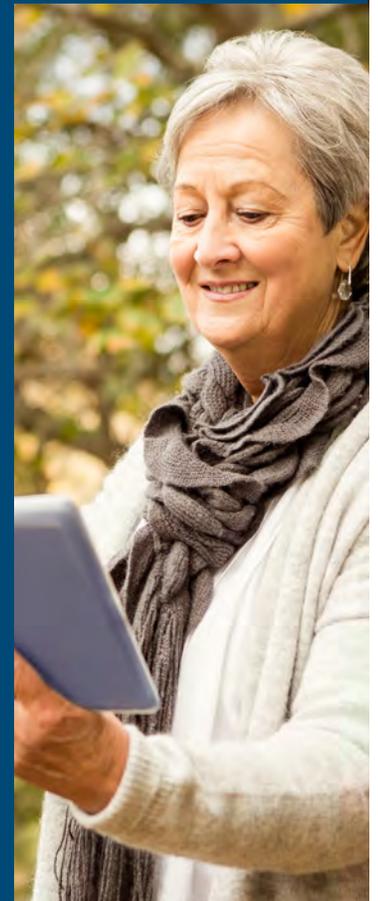
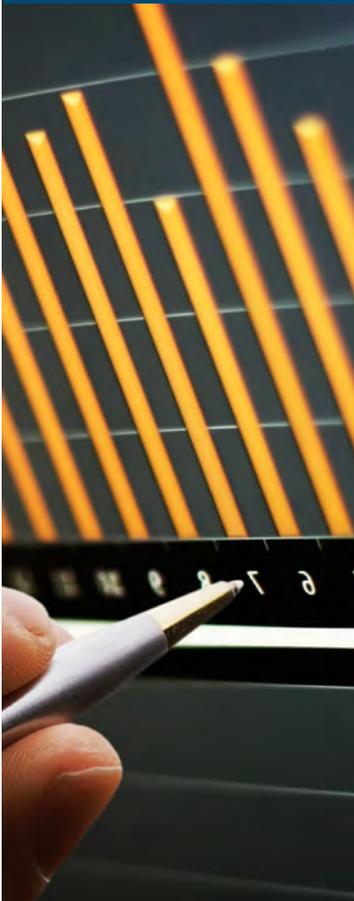


**Understanding and Managing Post-Retirement Risks**

A series of reports presenting highlights from the Society of Actuaries extensive body of research on post-retirement risks and issues.

# Women and Post-Retirement Risks

By Anna Rappaport, Chairperson, Society of Actuaries  
Committee on Post-Retirement Needs and Risks



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*2001–2017 Risks and Process of Retirement Survey.* Each biennial survey includes topics of special focus.

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*2015 Risks and Process of Retirement Survey: Key Findings and Issues, Shocks and Unexpected Spending in Retirement,* Society of Actuaries, 2016

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“The 65-Plus Age Wave and the Caregiving Conundrum: The Often Forgotten Piece of the Long-Term Care Puzzle”

# Women and Post-Retirement Risks

Managing retirement security in the United States has been increasingly challenging for all stakeholders. Major factors contributing to these challenges include a growing older-age population, the shift from defined benefit to defined contribution plans, and significant gaps in financial literacy. These factors contribute to a growing concern about how well Americans will fare in old age and the adequacy of their retirement security.

The Society of Actuaries' (SOA) Committee on Post-Retirement Needs and Risks (the Committee) has been working for nearly 20 years to identify and understand the way Americans manage their finances post-retirement. This research work includes a wide-ranging exploration of post-retirement risks through surveys of the public; focus groups and interviews; and collections of essays, research papers and other research reports covering related topics.

This report focuses on retirement issues related to women. It offers highlights and key findings from the 20 years of committee research and related SOA work, together with guidance about where to find more information. This report focuses on the differences in the situation of men and women and the related retirement planning and long-term care issues. SOA data is supplemented by some national data on marital status and living arrangements.

The intended audience for this report includes retirement experts, plan developers and service providers, and those who serve individuals, including employee benefit plan sponsors, advisors and financial services organizations.

The retirement story for women is often very different than that of men. This is even though women and men share a number of retirement realities, such as: women are subject to the same risks as men; women are covered by the same employee benefit plans when they work in the same jobs as men; and married women generally live in the same household as their husbands. Yet women also often follow different retirement paths than men in several other ways.

The SOA's extensive research about post-retirement needs and risks has uncovered some significant areas of difference. These differences are so distinct that those who work with women on retirement issues can derive

substantial benefit from learning about the trends, as can women themselves and their partners and families.

The SOA research points to several reasons for the gender differences in retirement. Women generally live longer than men. They typically have different life experiences, including different work histories as well as different physical and emotional demands, even at the older ages. They are more likely than men to serve as family caregivers, impacting them during the time they may be saving for retirement as well as during retirement.

In addition, older women are much more likely than older men to be single, and older women are more likely to live alone or with family members other than a spouse.

Insights into the personal situations of both women and men can be found in several SOA focus groups. The 2013 focus groups provided insights into planning by relatively recent retirees, and the 2015 focus groups examined planning of retirees who were retired 15 years or more. The 2017 in-depth interviews focused on retirees who were over age 85. Meanwhile, the SOA's biennial risk surveys have, since 2001, provided input on how retirees and pre-retirees view risk.

The research consistently shows fairly similar perceptions about risk by gender, although women often express more concern about some risks. The findings also show that outcomes for women are often very different than outcomes for men; this is due to many of the differences mentioned above, such as many women living longer than men and spending their last years alone.

Essays, public information and other SOA research provide insight about how retirees and their financial advisors and providers can plan for and deal with these gender-related issues.

This 2018 report on women in retirement describes key findings from the SOA's post-retirement risk research. In addition, it presents some retirement ideas for women, based on the SOA essay collections as well as other SOA research conducted over the past 20 years. The report is part of an SOA series on several retirement topics and includes guidance about where to find more information.

## Accessing the research:

The full reports from all work of the Committee can be downloaded from the Aging and Post-Retirement Research page on the website at <https://www.soa.org/research/topics/aging-ret-res-report-list/>

# The Reality for Women

Women and men have different life experiences in several areas, with the differences being particularly dramatic at the very high ages.<sup>1</sup> In 2014, at ages 85 and over, the U.S. population of 6,033,000 was 66 percent women and 34 percent men. At ages 65–84, the population was 40,179,000 and was split 55 percent women and 45 percent men. In 2014, marital status by age group for the United States was as shown in Table 1.

Some of the important differences by gender include:

- **Longevity.** Women generally live longer than men and the population at the highest ages is primarily female.
- **Older women more likely to be alone.** Women are likely to be alone in old age whether never married, widowed or divorced. A high percentage of older women are widows, and some spend many years as widows. Among those more than 85 years old, 75 percent are widowed and 87 percent are not currently married.
- **Career differences.** Overall, women have fewer years of paid work and lower career earnings.

- **Family responsibility.** In the allocation of family responsibility, women often assume more responsibility at home and for caregiving at many life stages.
- **Higher long-term care costs.** On a societal basis, women experience higher long-term care costs since they are more likely to need help with activities of daily living later in life and less likely to have a family caregiver.
- **More focus on others.** Many women have trouble thinking about their needs first (or at the same time) when others have needs. The result is that their needs tend to become secondary or may even be forgotten for long periods of time.
- **Less likely to remarry.** Women are less likely than men to find new spouses or partners after widowhood.

## For more information:

See the SOA's *2013 Risks and Process of Retirement Survey: Key Findings and Issues, Impact of Retirement Risks on Women*, Society of Actuaries, 2014. Also see the SOA essay from the Diverse Risks Essay Collection titled "Women and Retirement Risk: What Should Plan Sponsors, Planners, Software Developers and Product Developers Know?"

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
Total	100%	100%	100%	100%

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.

# Women and Retirement Risks

Women are generally subject to the same retirement risks as men, but the risks can have a different impact between genders, often because of differences in life circumstances. The table in Exhibit 1 summarizes some of the risks that have significant difference in impact by gender.

Exhibit 1

Risk	Discussion of Risk	Issues for Women
<b>Risks that have a direct greater impact on women</b>		
<b>Loss of spouse</b>	Women tend to live longer than their spouses and often marry older men. Periods of widowhood of 15 years or more are common.	Women who are widowed often experience a decline in income and standard of living. Women need to be aware of the strong possibility of widowhood and the resulting impact.
<b>Decline in functional status</b>	The cost of care for older, frail people can amount to \$1 million or more for a couple over their lifetimes, if both need paid care. Nursing home costs vary but can exceed \$80,000 per person per year. <sup>2</sup>	Women have longer periods of expected disability than men. At age 65, women have an expected period of 2.83 years of more severe disability compared to 1.50 years for men. Women are also less likely to have a family caregiver.
<b>Lower lifetime earnings and wealth</b>	Social Security benefits and employment-based retirement benefits all depend on earnings history and years of employment.	Median earnings of women working full time are less than 80% of what men earn in comparable jobs, and they work fewer years on average. Fewer women receive retirement benefits based on their own work history than men.
<b>Risks that affect women differently because of their longer life span</b>		
<b>Outliving assets</b>	At age 65, average life expectancy is 20 years for American men and 22 years for American women. Half of the population will live longer than life expectancy and some will even live to age 100 or longer. <sup>3</sup>	Women have lower savings, lower private pension coverage, and depend more heavily on Social Security for retirement income. Women are exposed to a greater risk that household resources are depleted by their spouse's health care costs, and they then become widows.
<b>Health care risk</b>	Medical costs during retirement are expected to be \$260,000 <sup>4</sup> on average for a couple both age 65. Premiums and prescription drug costs are a significant drain on the incomes of average American seniors.	Health costs may affect women more than men because they have lower income but are expected to have similar annual medical costs at the same age. Medical costs generally increase with age.
<b>Inflation</b>	Most expenses increase during retirement, and medical costs increase more rapidly than general inflation.	Inflation affects people who live longer more than those with shorter lives, and this has a compounding effect. Therefore, it has a greater effect on women.

Source: Adapted from "Overview of Retirement Risks for Women" from the report *2013 Risks and Process of Retirement Survey: Key Findings and Issues, Impact of Retirement Risks on Women*, Society of Actuaries, 2014, and from the table "Some Key Risks in the Post-Retirement Years" from the *Post-Retirement Risks and Related Decisions Report*, Society of Actuaries, 2017.

# Selected Findings from SOA Risks and the Process of Retirement Survey

The SOA's 2017 Risks and the Process of Retirement Survey did repeat many questions from prior surveys. For the repeated questions, the 2017 survey results were generally like those from prior years except that there was an increase in concern, for both genders, from 2015 to 2017.

Highlights of the generally consistent findings include the following:

- *Leading risks:* Though the exact order may vary, the risks of inflation, health care, and long-term care repeatedly headed the list of retirement risks that concern both pre-retirees and retirees. Pre-retirees remained more likely than retirees to say they are concerned about these risks, and they were more likely than the survey participants in 2015 to say they are “very” concerned.

- *Primary strategies:* In 2017, the three primary risk-management strategies used by both pre-retirees and retirees remained elimination of debt, saving as much as possible, and controlling spending. The same strategies appear in survey to survey, but in 2017, more so than in 2015, majorities of pre-retirees said they plan to eliminate all consumer debt and completely pay off their mortgage. Financial products other than supplemental health insurance were not very popular for risk management.
- *Retirement date goal:* Pre-retirees continued to say they plan to retire at a later age than retirees actually did retire.
- *Work in retirement:* More respondents indicated having an expectation that they are likely to work in retirement than retirees who reported they do work in retirement.

The areas where the 2017 survey results differed by gender show key variances among both pre-retirees and retirees.

A core question in the survey is about how concerned individuals are about post-retirement risks. Women voiced more concern than men about the top concerns.<sup>5</sup> For instance, Table 2 shows that 85 percent of pre-retired women said they were very or somewhat concerned that the value of their savings and investments might not keep up with inflation, while only 71 percent of pre-

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.

retired men said the same. Among retirees, 62 percent of the women but only 52 percent of the men expressed this concern. A similar pattern occurred in the other concern areas shown in Table 2.

Another of the core repeated questions dealt with strategies to manage risk. The three top strategies, among surveys, have consistently been eliminating debt, trying to save as much as possible and cutting back on spending.

The 2017 survey did not show substantial differences by gender for the first two strategies, but it did show a substantial difference on cutting spending. Among pre-retirees, 32 percent of women indicated that they had already cut back on spending while only 22 percent of men reported the same. Among retirees, 51 percent of women indicated that they had already cut back on spending while just 34 percent of men said the same.

One topic emphasized in the 2017 survey was the link between housing and retirement. One question looked at 17 important attributes that people might consider when deciding where to live in retirement. On several of

those attributes, men and women differed substantially in weighting importance. For example, being near family, friends and a friendly community were much more important to women than to men, and being near quality health care, having less maintenance and access to transportation were moderately more important to women.

Table 3 provides detail on some examples of the attributes where importance differed markedly by gender.

Another special topic in the 2017 survey was long-term care and caregiving. Among pre-retirees, 56 percent of women said they had at some point spent time caring for someone, whereas only 35 percent of men said the same. Among retirees, it was 63 percent of the women versus 43 percent of the men.

### For more information:

The above examples show the kinds of differences found in the risk survey results. To learn more, see the SOA's *2017 Risks and Process of Retirement Survey*.

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

# Selected Findings from SOA Research with Individuals Age 85 and Older

The 2017 research with individuals age 85 and older included in-depth interviews and a telephone survey. Future research will include an online survey of adult children with parents age 85 and older. Some interesting findings from the 2017 data include the following points related to gender:

- *Marital demographics:* Of married participants in the telephone survey, nearly 90 percent were female. Women were much more likely to be alone and be widowed.
- *Financial security:* Men said they felt more secure financially. Respondents over age 90 felt more secure than those at ages 85–89. People with more income and assets felt more secure, but having long-term care insurance did not correspond to feeling more secure. Widows and those in poor health worried more about their finances. These results seem consistent with other research done in the last five years.
- *Spending:* Analysis by the Employee Benefit Research Institute (EBRI) of spending during retirement indicates that household spending after age 65 generally declines with age except for health care spending, which increases. The SOA survey of individuals age 85 and over provided consistent results about spending at ages 85 and over and provided some insights on differences by gender. For example, the survey found that women are more frugal than men, and widows are the most frugal. All groups are more frugal than 20 years ago. Regarding health care, about 40 percent of respondents said they are spending more than

10 years ago, and about 40 percent reported spending the same. There were no differences by gender in the changes over the 10 years. Regarding housing, more people said they are spending less compared to 10 years ago, with the change larger for women. Regarding entertainment and travel, more respondents reported spending less, with women spending less than 10 years ago more often than men.

- *Debt:* Just over one-third indicated they are negatively impacted by debt without any differences by gender.
- *Importance of family:* The in-depth interviews made clear how important family was when a problem emerges. The survey offers more detail. The clear majority of the survey respondents (86 percent) said they are not getting financial help from family, but about one-third get some help with specific tasks. Women are much more likely to get help with transportation and shopping, and men are more likely to get help with housekeeping, laundry and cooking. More people are getting help with transportation. About half said they expect to get help from family if health fails, with no difference by gender.
- *Living arrangements:* The research found that women are somewhat less likely to own homes, and widows are most likely to live in a community setting.
- *Advice:* When asked what advice they would give to children and grandchildren, the respondents gave top priority to “save more and save earlier” followed by “spend wisely.” There were no differences by gender.

## For more information:

See the SOA's *Post-Retirement Experiences of Individuals 85+ Years Old (2017)* report and also the SOA's survey of individuals age 85 and older (to be released shortly).

# Living Arrangements for Older Women and Men

Older women have different living arrangements than older men. Older women are more likely to be living alone, much less likely to be living with a spouse, more likely to be living with their own children, and more likely to be living in a nursing home or other group

housing.

The SOA 2017 interviews with individuals age 85 and older, and the 2017 Risk Survey included such results, but data from the Pew Foundation study shown in Table 4 covers a more representative sample of the U.S. population.

The SOA retirement risk research, as well as other studies, indicate strongly that people prefer to remain in their own homes; however, about 40 percent of women age 85 and older are no longer in their own homes.

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.

# Women and Long-Term Care

The SOA research sheds light on women and long-term care as well. Here are some key observations:

- Women are more likely to need long-term care than men.
- In general, people tend not to plan for the long-term care of themselves or their loved ones. In addition, many have an overly optimistic set of expectations about Medicare as a source of financing for long-term care. Currently, only about 10 percent of American households have long-term care insurance.<sup>6</sup> This is even though major long-term care events are a huge problem for many households. Women who live longer are more likely to be adversely impacted by the lack of planning for long-term care. They have a longer expected period of care and are less likely to have a spouse who can help them.
- Family is a very important source of help when people need assistance and support, although many people do not plan for such help. Providing help can be costly to the family caregiver, who is most often a woman, perhaps the wife, daughter,

sister or other female member in the extended family. The caregiving responsibility can adversely affect the retirement savings and health of the women who provide this unpaid care.

- Husbands are much more likely than their wives to expect to have spouses and other family members serve as caregivers.
- Women generally live longer but are less likely to have access to family caregivers.

Neither men nor women want to be in a nursing home, but women are more likely to be in a nursing home, both because of their longer life and because they are less likely to have family caregivers.

## For more information:

See the SOA's Managing the Impact of Long-Term Care Needs and Expense on Retirement Security monograph papers on "Improving Retirement by Integrating Family, Friends, Housing and Support: Lessons Learned from Personal Experience" and also "The 65-Plus Age Wave and the Caregiving Conundrum: The Often Forgotten Piece of the Long-Term Care Puzzle." In addition, see the SOA's 2017 *Risks and Process of Retirement Survey*.

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>9</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.

Women on average need assistance for a considerably longer time than men. Analysis of health expectancy<sup>7</sup> divides the life expectancy into three periods: nondisabled, mild or moderate disability and more-severely disabled. As Table 5 illustrates, women have a much greater expected period of needing help.

The situation is further complicated because women are less likely to have a family caregiver.

## Lessons Learned from Retirees

The Committee's researchers conducted focus groups with financially resource-constrained retirees who had been retired more than 15 years in 2015 and with retirees who were more recently retired in 2013. Focus groups were conducted separately by gender. In 2017, in-depth interviews were conducted with individuals age 85 and older.

The Committee has also surveyed retirees and near retirees about post-retirement risks every two years starting in 2001. Some of the findings from this work include:

- **Concerns about retirement risks.** Women are more concerned about retirement risks than men. This is logical since the risks affect them more.
- **Planning horizons.** Many people have retirement planning horizons that are too short, which is particularly serious for women. Gaps in knowledge and misperceptions are very common.
- **Dealing with shocks.** Women play a major role in dealing with shocks and are often left to deal with the problems remaining after their husbands were sick for a long time and then died. People commonly deal with things as they happen rather than anticipating and planning for financial shocks. Dental expenses and home repairs are major items of unexpected expenses for retirees. These issues affect both genders, and couples as well as singles. Retirees often can manage through these shocks

unless they experience multiple shocks.

- **Some shocks are particularly difficult.** Divorce after retirement, a major long-term care event, and substantial ongoing help to children often cause major financial disruption. Some mothers make substantial gifts to children when the children lose jobs or experience major problems. This can adversely impact their future ability to care for themselves.
- **Retirees are very resilient.** SOA focus groups indicate that women are often more realistic than men about risks and concerns. Retirees are very resilient and adapt to many unexpected changes and shocks. Widows often adapt quite well. SOA researchers found similar results throughout the retirement years.
- **Older people need help.** Most people over age 85 have some limitations and many need help. Family becomes very important when people need help, and this is particularly important at ages 85 and over. However, men are much more likely to be married and have a spouse to help, whereas women are less likely to be married, may have children, but are more likely not to have access to a family helper.
- **Impact of caregiving.** Women are much more likely to be caregivers and to time their retirement because of the caregiving needs of others.

### For more information:

See the following SOA reports: *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); and *Spending and Investing in Retirement: Is There a Strategy?* Society of Actuaries, LIMRA, and INFRE (2006)

# Tips Based on This Research

This collective research offers important information for individuals, advisors, organizations sponsoring employee benefits and companies that offer risk management products. The findings and observations reflect the special issues of women and consider different life circumstances by gender. The following are general tips for different stakeholders:

## TIPS FOR WOMEN RETIREES AND NEAR RETIREES AND THEIR ADVISORS

- **Think longer term.** It is particularly important for women to think longer term and plan for the rest of life since women generally live longer than men.
- **Remember, married couples often become singles.** For married couples, a retirement plan should be designed to work for the couple, but also for each of the individuals if they are no longer together. Women are much more likely to be widowed and need to manage as a single later in life. Women should not forget about the need to plan for widowhood and the possible contingency of divorce in their planning.
- **Consider long-term care planning.** A plan to manage long-term care is particularly important for women.
- **Be careful about debt.** Avoid getting too much into debt, and married women need to be careful that their spouses do not obligate them for too much debt.
- **Be thoughtful about helping family.** Women are particularly likely to focus on helping others but should take care not to give too much money to their children. It is good to help family members, but not if that puts oneself into a difficult situation.

- **Carefully decide about caregiving.** Women should think carefully about the long-term consequences before giving up a job or going on a reduced hours arrangement so they can provide caregiving.
- **Be engaged in family financial decisions.** It is important for women to understand and participate in the family financial decisions. Too often husbands may deal with financial matters without input from their wives.
- **Maintain an emergency fund.** Women particularly need to maintain an adequate emergency fund, as they are most likely to be left without resources and alone.
- **Women without family support should build a support network.** Women who do not have direct family support need to think about what type of support network they can build.

## TIPS FOR EMPLOYEE BENEFIT SPONSORS AND FINANCIAL SERVICE ORGANIZATIONS

- **Target financial wellness programs.** In designing financial wellness programs, remember that women have different life situations. Messages should address these situations.
- **Expand educational materials.** Include in educational materials information about divorce and widowhood.
- **Encourage retirement savings and related disability benefits.** Provide offerings for and encourage women to save enough for retirement and to maintain adequate disability benefits. Encourage women to save enough for retirement to meet their different life situations.
- **Inform employees about Social Security claiming.** Help women understand the issues surrounding Social Security claiming. These issues are important both with respect to their own benefits and to benefits in their possible role as spouse or widow. Couples should coordinate claiming strategies.

# Final Thoughts

Retirement planning is particularly important to women because they generally live longer. The issues faced by the very old heavily affect women. Women who

live to higher ages (85 or over) are very likely to be alone at those ages. Couples frequently split responsibilities, but once a spouse is alone, sharing responsibilities that way is no longer possible. Importantly, although women are often the family caretakers, they need to think about their own welfare and future as well.

# Appendix: More About the Research

The SOA Committee on Post-Retirement Needs and Risks has based its insights on robust research designed to increase understanding of the way Americans manage their finances post-retirement and to help improve the management of the risks.

The full reports from the Committee are available for download at the Society of Actuaries website:  
<https://www.soa.org/research/topics/aging-ret-res-report-list/>

The Committee's focus has been on exploring the perspective of the individual. This includes representation at all income levels, but with primary focus on the middle market.

The research approaches include:

- **Biennial risk surveys.** Surveys of the knowledge and attitude of Americans age 45 to 80, split between retirees and pre-retirees with respect to post-retirement risks and the process of retirement. Each report includes some common questions and several topics of emphasis selected for that survey, such as health and long-term care, women's issues, shocks, and so on. Surveys conducted since 2001.
- **Focus groups and in-depth interviews.** Periodic projects targeted to specific subgroups and issues, to better understand retiree rationale, to supplement the surveys and also to help provide input into questions and structure of surveys. Projects conducted in 2005, 2013, 2015 and 2017.
- **Consumer information.** Gaps in knowledge are a key finding of the research, so the Committee designed several publications that are designed to fill in gaps and provide helpful information for consumers and consumer-support services. These publications include *Managing Post-Retirement Risk: A Guide to Retirement Planning* (risk chart), *Managing Retirement Decisions* (a series of 12 shorter guides to specific decisions), and *Age Wise Infographics* on longevity-related issues. A new series starting with *Retirement Health and Happiness* provides information about Retirement Literacy.
- **Essays and papers.** These are monographs that include essays and papers on topics such as the *Financial Wellness Essay Collection*, *Diverse Risks Essay Collection* and *Managing the Impact of Long-Term Care Needs and Expense on Retirement Security*. These works reflect a range of perspectives from individual publishing authors who responded to calls for papers. Their ideas include solutions to some of the challenges raised by the research.
- **Other research.** The committee has conducted other projects, including a series on lifetime income, reports on financial advice, and discussions of retirement planning software. In addition to the direct work of the committee, the SOA conducts other research related to these issues and there is work performed by related entities.

# References

## RISK SURVEY SERIES

- *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
- *Entire Risks and Process of Retirement Survey Series*
- Forthcoming report on 2017 survey of individuals over age 85

## FOCUS GROUPS AND IN-DEPTH INTERVIEWS AND REPORTS

- *Post-Retirement Experiences of Individuals 85+ Years Old*, Society of Actuaries, 2017
- *Post-Retirement Experiences of Individuals Retired for 15 Years or More*, Society of Actuaries, 2016
- *The Decision to Retire and Post-Retirement Financial Strategies: A Report on Eight Focus Groups*, Society of Actuaries, 2013
- *Spending and Investing in Retirement: Is There a Strategy?*, Society of Actuaries, LIMRA, and INFRE, 2006

## CONSUMER INFORMATION PUBLICATIONS

- *Managing Post-Retirement Risk: A Guide to Retirement Planning (Risk Chart)*, Society of Actuaries, 2011
- *Managing Retirement Decisions*, Society of Actuaries, various dates (note that one of the decision briefs specifically deals with women
  - Decision brief supporting content: *Women Take the Wheel: Destination Retirement*

## ESSAYS AND PAPERS

- *Managing Diverse Risks—Essay Collection*, Society of Actuaries, 2016

Essays supporting content:

- Rappaport, Anna M., “Women and Retirement Risk: What Should Plan Sponsors, Planners, Software Developers and Product Developers Know?”
- *Financial Wellness Essay Collection*, Society of Actuaries, 2017
  - Rappaport, Anna M., “Don’t Forget the Role of Families in Lifetime Financial Security”
- *Managing the Impact of Long-Term Care Needs and Expense on Retirement Security Monograph*, Society of Actuaries, 2015
  - Papers supporting content: Rappaport, Anna M., “Improving Retirement by Integrating Family, Friends, Housing and Support: Lessons Learned from Personal Experience”
  - Timmerman, Sandra, “The 65-Plus Age Wave and the Caregiving Conundrum: The Often Forgotten Piece of the Long-Term Care Puzzle”

## PRESENTATIONS

- *Post-Retirement Needs and Risks: What Do We Really Know* (presentation decks for this topic and other presentations of committee work are available on the SOA website. They are updated periodically and tailored to different audiences.)

## OTHER

- Johnson, Richard W., “*Who Is Covered by Private Long-Term Care Insurance?*”, Urban Institute Brief, 2016
- Stepler, Renee, *Smaller Share of Women Age 65 and Over Are Living Alone*, Pew Foundation, 2016

*Note: The content of this research brief is a combination of the author’s own ideas and findings drawn from the research described in the brief. The tips reflect the opinion of the author. The ideas and tips are not an opinion of the Society of Actuaries or any committee thereof.*

# Endnotes

- 1 The Pew Foundation's 2016 report *Smaller Share of Women Ages 65 and Older Are Living Alone, More Are Living with Spouse or Children* by Renee Stepler offers insights into the population and some factors about marital status and living arrangements.
- 2 Genworth found that the 2016 national median monthly nursing home cost was \$6,844 in a semi-private room and \$7,698 in a private room. The national median assisted living facility cost for 2016 was \$3,628. (From Genworth website, <https://www.genworth.com/about-us/industry-expertise/cost-of-care.html>)
- 3 Source: The RP 2014 Healthy Annuitants mortality table with MP 2016 mortality improvement. Assumes age 65 in 2017. Data supplied by the SOA.
- 4 Fidelity estimates that a couple both age 65 in 2016 needs an estimated \$260,000 for health care costs, not including long-term care. They estimate an additional \$130,000 as an average long-term care expense. "Health Care Costs in Retirement Rise to an Estimated \$260,000, Fidelity Analysis Shows" (downloaded on March 31, 2017).
- 5 It should be noted that women have lower income on average than men, and generally lower-income people are more concerned. Some of this difference in concern may be related to the income difference, as well as the differences in life expectancy since women are more likely to be living alone.
- 6 For more detail on long-term care insurance coverage, see Johnson, Richard W., *Who Is Covered by Private Long-Term Care Insurance?*, Urban Institute Brief, August 2, 2016.
- 7 Health expectancy offers a means to divide life expectancy between expected periods of healthy life and periods when various levels of assistance will be needed.
- 8 HIPAA is U.S. federal legislation and defines conditions under which payments from long-term care insurance get favorable tax treatment.



#### **Caveat and Disclaimer**

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