Retirement Crisis for Women

Common Purpose. Uncommon Commitment.

While it's commonplace to see research on the number of Americans who are not well prepared for retirement, new surprising research from the Employee Benefits Research Institute (EBRI) and the Filene Research Institute reveals just how much more unprepared women are for retirement than men. These findings should be especially alarming to credit unions—where the majority of employees are female.

Alarmingly Unprepared for Retirement

The EBRI, which previously assessed individuals' probability of running out of money in their retirement years, published new research measuring the size of the deficits various demographic groups would generate in retirement. The research found, on average, significantly larger savings deficits for women and projected that an early Baby Boomer family will generate a $19,304 average deficit per individual in retirement.[1] This is even more problematic for single women, where an early Baby Boomer will generate an average deficit more than three times larger, at $62,734.

It gets worse. Previously, EBRI found that 43% of all Baby Boomers and Gen Xers are at risk of running out of money in retirement. For single women included in this "at-risk" population, the average deficit increases substantially to $104,821.

Reasons for Retirement Savings Deficit

These findings are further supported by research recently published by the Filene Institute, which revealed how the relative unpreparedness of women for retirement can be linked to women's financial behavior. For example, 60% of women have not taken the steps to find out how much they need to save for retirement.[2] Also, women are, on average, more likely to engage in expensive credit card behavior, like carrying a balance or paying late.

As a result:

- Women show high rates of "financial fragility"—the inability to cover expenses for three months in the event of sickness, job loss, economic downturn, or other emergencies.
- There is a high rate of debt among women. 68% of women have at least one of the four sources of long-term debt–mortgage, auto loan, student loan, or home equity loan. They are also more likely burdened with short-term debt, such as credit card debt.

Important Considerations for Credit Union-Sponsored Retirement Plans

The EBRI and Filene underscore the need for credit unions to pay attention to retirement savings trends of women, who comprise over 75% of their staff.[3] Credit unions can serve an important role addressing these trends by providing easy-to-use retirement savings calculators, one-on-one education, and investment guidance that can help their employees better plan and prepare for retirement.

For more information about how CUNA Mutual Retirement Solutions can help prepare your employees for retirement, call your Sales Executive at 800.356.2644 or visit https://www.cunamutual.com/products/employee-benefits/401k-and-retirement-plans.

[1]EBRI Issue Brief: Retirement Savings Shortfalls: Evidence from EBRI's Retirement Security Projection Model, February 2015, No. 410
http://www.ebri.org/publications/ib/index.cfm?fa=ibDisp&content_id=5487

[2]The Gender Gap: Troubling Financial Capability Findings among Women, based on Filene research by Carlo de Bassa Scheresberg et al, Global Financial Literacy Excellence Center, George Washington University, using data compiled by the FINRA Investor Education Foundation, June 18, 2015
https://filene.org/assets/files-brains/Filene_WomenFinancialCapability.pdf

[3]CUNA Mutual internal data based on eligible participant employees at 2,300 credit unions.

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