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How Women Can Build for a Secure Retirement

Women carry a lot of responsibilities on their shoulders, and sometimes considerations like saving for their own retirement may fall through the gaps. In a survey by BlackRock, only 53 percent of women had begun putting away money for retirement, compared to 65 percent of men. Even the women who were saving had accumulated less than half of what the men had. The Tennessee Society of CPAs offers advice for women who want to be sure they are on track for a secure future.

Consider the Long(er) Term

Women should be prepared to save more than men because, on average, women live longer. According to the Social Security Administration, a man turning 65 now can expect to live to about 84, while a woman reaching 65 might live to nearly 87. Given improving health and longevity among older people, your retirement strategy should be based on a realistic assessment of how long your money will need to last. And while it's always advisable to begin saving early and to set aside as much as possible, this may be especially true for women because of their longer life expectancy.

Factor in Earnings Gaps

One hurdle for women is the possibility that they will take time off when their children are born or work part-time at some time during their careers in order to juggle family responsibilities. In

fact, only about one-half of women between the ages of 25 and 44 are working full time, the BlackRock survey found, which can leave them with much less in savings than their male counterparts. Women also continue to earn less, getting about 78 cents for every dollar earned by men, according to the Institute for Women's Policy Research. No matter how your employment changes, CPAs advise that you take advantage of any employer retirement plans when you are working. If the employer offers matching contributions, try to contribute enough to qualify for the highest possible match. If you're not working, find out if you're eligible to contribute to an IRA. For those who are self-employed, investigate the benefits of SEPs and SIMPLE retirement plans. There are opportunities to pump up your retirement savings, in other words, so be sure to take them.

Strategize about Social Security

Your earnings history will also have an impact on your Social Security retirement benefits. At the Social Security Administration site (www.ssa.gov), you can create an account to find out what your benefit payments will be and use benefit calculators to find out, for example, how your age at retirement will affect your payment and how spouses can plan to make the most of their benefits.

Be Aware of Your Risk Tolerance

When you invest, do you typically look for high-performing stocks and bonds or more reliable ones, such as Treasury bills or money market funds? Your answer to that question can help you get a sense of your tolerance for risk when it comes to investing. That's important because a lower risk tolerance may mean that your money may grow more slowly over time, leaving you with a smaller nest egg. Dodging risk is not necessarily a bad thing, since it can help you avoid losses on your money. Knowing your own approach to risk, however, can help you estimate how

quickly your money will earn dividends or interest and, as a result, how much you need to put away in order to meet your retirement goals.

Your CPA Can Help

As you navigate the many decisions that will lead you toward a satisfying retirement, don't hesitate to contact your local CPA for expert advice. He or she can provide answers to all your financial questions.

About Money Management

Money Management is a column on personal finance that is a joint effort of the AICPA and the Tennessee Society of CPAs, as part of the profession's nationwide 360 Degrees of Financial Literacy program. Members of TSCPA are CPAs residing and practicing primarily in Tennessee in all areas of public accounting, education, government, business and industry. TSCPA offers a speakers bureau for many types of business and educational engagements. For details, visit www.tscpa.com. TSCPA is headquartered in Brentwood, Tenn.