



## 3 Unique Challenges Women Face in Retirement Planning (and How to Solve Them)

### Description

When it comes to retirement planning, women face far more challenges than men. Call it the aftereffect of a slow-dying patriarchy, but women who plan to fund their own retirement, alone or with a partner, will often have to save more money for a longer period of time — that is, if they want to reach the same nest egg the average man saves over his life of work.

Certain factors like unequal pay and fewer promotions makes it harder for women to build a hefty nest egg. It could be why, on average, women retire with 30% less than men, even though they work two years longer. To put that into perspective, that means for every \$100,000 a man has in his retirement savings, a woman has \$70,000.

What are the biggest challenges confronting women, and how can you solve them? Let's take a look at three.

### 1. Unequal pay

Perhaps the most frustrating retirement challenge facing women is unequal pay.

Women earn around 89 cents for every dollar that men earn. That's for the same role, too. And racialized women earn even less — a reportedly 67 cents per every dollar a non-racialized man earns.

That means for every \$100,000 a man makes, a non-racialized women makes \$89,000 and a racialized woman makes \$67,000. Over the long run, that can turn into \$100,000 to \$200,000 of income lost for factors that, in truth, have nothing to do with one's line of work.

### What can women do?

The unequal pay gap is ridiculous and kind of medieval, and it can easily make you feel defeated. But women do have one advantage: they make *far* better investors than men. In fact, women investors

earn, on average, 1% more than their male counterparts.

This is because women typically invest conservatively, putting their money in funds, like mutual funds or target-date funds rather than aggressive securities. And they usually don't impulsively sell investments when the market gets jumpy, preferring to exercise patience.

How much difference does 1% make? A lot. In fact, that 1% could make up for the income you lose for being a woman. Let's look at an example. Let's say we have two investors: one is a man; the other a woman.

Let's say the man plans to invest \$1,000 aggressively per month over 30 years. The woman, earning 11 cents less, decides to invest \$890 monthly in a target-date fund for the same amount of time. After 30 years, the man gets an 8% return. Good for him. And the woman? She gets 9%.

Who has more money?

Investor	Monthly Investment	Number of Years	Rate of Return	Rate of Inflation	Total Amount Invested	Final Amount With Interest
Man	\$1,000	30	8%	-3%	\$360,000	\$1,417,613
Woman	\$890	30	9%	-3%	\$320,400	\$1,525,799

Even though the man invests more money, the woman *still* comes out on top. That's the power of investing wisely.

## 2. Longer life

Not only are women getting paid less, but they also typically live longer, which means you have to save more money for retirement.

While numbers vary, most women can expect to live three years longer than their male counterparts — some upward to six to eight years. Once a woman reaches 65, she can expect to live until 86. And if she retires at 65, that means she'll need around 21 years of income.

### What can women do?

One solution is to start planning for your retirement in your 20s. In fact, this applies to everyone, regardless of gender: the sooner you start investing for retirement, the more time you give your money to grow.

Of course, for women who are in their 40s or 50s and have little or no retirement savings, that advice isn't applicable. In that case, you might have to re-imagine retirement.

Instead of quitting your job forever, you might want to pick a part-time job to bolster your retirement savings. You could also establish passive-income streams, such as buying [dividend stocks](#) or writing e-books, to help you save extra money each money.

### 3. Lacking confidence

Okay, this one isn't gender-specific (men lack confidence, too). But, on the whole, nearly half of women lack confidence in their ability to save and invest. In fact, according to Fidelity, only 9% of women are confident they make better investors than men. And, yes, that's in spite of the fact that they *are* better investors than men!

#### What can women do?

For one, women should own their investing abilities. They *are* better than men at investing. Period. And they should feel confident their investing intuition is a more trustworthy guide than the impulsiveness of men.

In addition, women can gain more confidence by taking ownership of their finances, teaching themselves [the basics of investing](#), and [learning how to invest wisely](#).

As a last note, I'll also say this: women should continue to fight for equal pay. In fact, there's no reason an employer *should* offer less pay based on gender. If you feel you're getting paid less than you should, compare your salary to regional and national salaries.

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