



CIBC Private Wealth Blog

## The Approach to Retirement Savings Isn't Unisex

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Women create, control and influence the investment of an enormous amount of wealth around the world. As more and more women become business owners and breadwinners, their financial power is exploding.

In *Harnessing the Power of the Purse: Winning Women Investors*, Andrea Turner Moffitt of The Center for Talent Innovation says, “Even in households where the spouse is the wealth creator, women are the primary decision-makers regarding investable assets in 43% of these households.” Despite women’s financial power, the Center for Talent Innovation has found that many women are disappointed in their interactions with financial advisors and managers. Women are not one monolithic market, but savvy investors with unique needs. They want an advisor who takes a holistic approach and provides product and service offerings that are aligned with their values and goals.

Women’s financial planning needs often differ. Differences in income suggest that many women should approach retirement planning more intentionally than men. Diane Garnick, a retirement expert at TIAA, estimates women should save at least **18%** of their income compared to the 10% (minimum) men should save.

According to the U.S. Census Bureau, on average women still earn **80.5 cents to the man's dollar**<sup>1</sup>. Obviously, this is not always the case, and there are plenty of highly successful women who earn more than their male partners. However, one common reason that women earn less is that they are more likely to take time off from work or work fewer hours to care for children or other family members. Taking time off reduces a woman’s lifetime earning potential and can cause her to miss opportunities for months or years of contributions to a 401(k) or savings account. In this case, women need to plan and invest to compensate for the time off.

Women’s median annual earnings are also \$10,800 less than men’s<sup>2</sup>. Consequently, that can add up to lower lifetime savings. To compensate for the imbalance, women may need to start saving for retirement earlier in life than men and save more aggressively. In couples where one partner earns significantly more, partners should consider equalizing retirement contributions.

Another factor to consider is that, although women, on average, earn less over a lifetime than men, it costs more to be a woman in today’s world. A recent [study](#) by Glamour magazine found that women spend an average of \$1,924.05 on products over a year compared to \$713.52 spent by men. Not only do women buy more products than men; the products marketed to women, according to the study, cost up to **13% more** than the analogous unisex or men’s products. The markup continues to be true throughout a woman’s life—even women’s senior care products are priced higher than men’s.

The real impact on retirement planning comes from longer lifespans. According to the Centers for Disease Control and Prevention, women live approximately **five years longer** than men on average. That means women experience five more years of spending, requiring more savings, whether a woman is single or married.

A study performed by the [National Bureau of Economic Research](#) found that out-of-pocket health care spending in the last year of life is \$11,618 on average, with that number creeping as high as \$94,310. The average funeral costs are between **\$7,000 and \$10,000**. [Jennifer Black](#), CFP®, co-author of *Managing Alone: Your Trusted Advisors’ Guide to Surviving the Death of Your Spouse*, recommends couples have a joint bank account, because a surviving partner can be denied access to an individual account until probate is complete. Couples also should plan to allocate a



portion of their savings for the partner who lives longer—to help cover potentially necessary and extremely expensive end-of-life care.

At CIBC Atlantic Trust, our wealth advisors understand that women may have unique needs, but financial priorities have nothing to do with gender. In the past, gender stereotypes within the industry have frustrated female investors as they plan for their financial futures. But our approach to every client is the same, in that we recognize that each client's situation and attitude toward investing is uniquely personal. Speak to your advisor to learn more about how we can help you meet your financial objectives.

To learn more about saving for retirement, read our white paper, [Your Chapter Two](#), join the [Women's CIRCLE conversation](#) or contact a [CIBC Atlantic Trust advisor](#) today.

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<sup>1</sup>U.S. Census Bureau, Historical Income Tables Table P-40: Women's Earnings as a Percentage of Men's Earnings by Race and Hispanic Origin (Data for 2016 are the most recent available and are based on median earnings of full-time, year-round workers 15 and older as of March 2017).

<sup>2</sup>Joint Economic Committee Democratic Staff, *Gender Pay Equality: Consequences for Women, Families and the Economy*, April 2016, pg 1

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