

Women and Retirement Planning: Why It's Different

Although numerous gender barriers have been broken down over the years, at least one remains – women have less money saved for retirement than men. It's been recently reported that 25% of Canadian women have contributed fewer dollars toward retirement than their spouses¹. The same survey highlighted that women worry more than men about meeting their future financial needs and don't feel as prepared for retirement. Indeed, research shows that fewer women than men have a formal retirement plan (22% versus 32%, respectively), while 43% of women age 55 and older indicated they had no formal plan at all.²

Historically, household financial responsibility has tended to fall to men, but gender politics alone don't explain the retirement savings gap. There are systematic reasons why women lag behind men in building their retirement nest eggs.

Living longer

On average, women live four years longer than men³. As a result, they need their money to last longer. Women who underestimate their life expectancy may also miscalculate their retirement income projections and leave themselves susceptible to running out of money too soon.

Earning less

The gender pay gap persists, with women earning on average 87 cents for every dollar that men make⁴. This limits how much money women tend to have available for long-term savings and means they need to be more disciplined with the funds they do have.

More caregiving

In addition to earning less income, women typically spend less time in the workforce. They're still the ones who tend to stay home to take care of dependents, including children and aging parents. Consequently, they have a shorter window of opportunity to make enough money to sustain themselves long term.

Singledom

Whether through divorce, widowhood or by choice, the number of single senior women is growing. Among Canadians aged 85 and older, there are nearly two women for every man⁵. The majority of women will be solely responsible for their money at some point in their lives. As a single person, life can be more expensive with no one else to rely on or share expenses with. Having sufficient income is all the more important when you're on your own.

Better planning for a better future

With the unique challenges and opportunities facing them, women can help to ensure their future well-being through proper retirement planning. For women, having a plan in place:

- Increases their knowledge about their individual circumstances so they can be more informed and feel more confident about money matters
- Keeps them on track to meet their short- and long-term goals with a budget, spending and investment strategy
- Provides them with a holistic approach and a “big picture” view of their financial situation

The results of good planning and working with an experienced Investment Advisor include empowering women to overcome the risks specific to them and turning fear about the future into peace of mind.



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¹ https://www.hsbc.ca/content/dam/hsbc/ca/investing-and-retiring/investments/hsbc-ca_investments_women-in-retirement--en.pdf

² <https://www.newswire.ca/news-releases/am-i-saving-enough-to-retire-vast-majority-of-canadians-just-dont-know-cibc-poll-673311343.html>

³ <https://www.who.int/countries/can/en>

⁴ <https://www150.statcan.gc.ca/n1/pub/89-503-x/2015001/article/14694-eng.htm>

⁵ <https://www12.statcan.gc.ca/census-recensement/2016/dp-pd/hlt-fst/fam/Table.cfm?Lang=E&T=11&Geo=00>

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