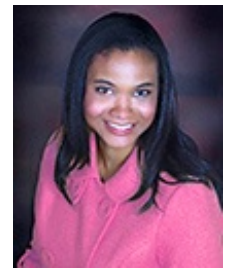


Member Perspectives – Sheila Jacobs

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Social Security: A Woman's Perspective

Regardless of whether you're a man or a woman, Social Security will not – and was never designed to – provide all of the income you'll need to live comfortably during retirement. At best, your Social Security will supplement your other sources of income. If you are factoring Social Security into your retirement plan, you should learn all you can about how to enhance your benefits and how much income you may need from other sources to be financially comfortable during your retirement years.



Sheila Jacobs

For women, there are some unique factors to consider: With longer life expectancies than men, women tend to live more years in retirement and have a greater chance of exhausting other sources of income. Social Security commonly provides annual cost-of-living adjustments and that means you will have an inflation-protected benefit for as long as you live. For women, those increases are vital because on average women outlive men by 2.3 years. In addition, Social Security provides dependent benefits to spouses, divorced spouses, elderly widows and widows with young children. While Social Security is neutral with respect to gender (individuals with identical earnings histories are treated with the same in terms of benefits), the following 2015 numbers (1) released by the Social Security Administration Office of Research and Statistics highlight how demographic characteristics of women compare with the entire population.

- Women reaching age 65 need to prepare for approximately 21.6 more years of living expenses. Men live an average of 19.3 more years.
- Women make up 56% of all Social Security beneficiaries age 62 and older and approximately 66% of beneficiaries age 85 and older.
- The average annual Social Security income received by women 65 years and older was \$12,857 compared to \$16,590 for men.
- For unmarried women age 65 and older (including widows), Social Security comprised 49% of their total income. In contrast, only 35% of unmarried elderly men's income and 30% of elderly couples' income came from Social Security.
- Of all elderly unmarried women receiving Social Security benefits, 49% relied on Social Security for 90% or more of their income.
- Only 22% of unmarried women aged 65 or older were receiving their own private pensions, compared with 27.7% of unmarried men.
- Of the women who were employed full time, 56.4% participated in an employer-sponsored public and private sector plan compared to 53% of men.

While participation in employer-sponsored retirement plans is increasing for women in today's workforce, women overwhelmingly receive lower pension benefits compared to men due to their relatively lower earnings. This is no surprise considering women earn less and spend more time out of the workforce than men. On average, women spend approximately 12 years out of the workforce caring for children, elderly parents, and others. (2) Women are also more likely to work for smaller companies that lack employer-sponsored benefit programs and they tend to hold part-time rather than full-time positions.

Looking at the whole picture, you can see how these factors might significantly affect women's Social Security benefits and any retirement plan or pension plan benefits they may have accrued. So how do women offset this gap? Get a strategic retirement plan in place so Social Security benefits can be an income supplement and not a mainstay. To help you determine a retirement strategy that is appropriate for your personal financial situation, talk with your Financial Advisor.

1 Social Security Administration Office of Research and Statistics: Social Security Is Important to Women, <http://www.ssa.gov/pressoffice/factsheets/women.htm>

2 Dartmouth-Hitchcock Medical Center, 2009. Women and Retirement Security: http://www.dartmouth-hitchcock.org/dhmc-internet-upload/file_collection/WHRCSummer09.pdf

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