

| The Gender Gap

Advisors should be educating the female workforce on the disparity and what they can do to bolster their retirement investment portfolio.

According to a report from the National Institute on Retirement Security, it's tough being a woman facing retirement. Women aged 65 or older face an income that's on average 25% lower than that of men of the same age group. By age 80, those same women will see a 44% gap in their income over the income of men that age.

Part of the problem is that women earn less than men. The National Committee on Pay Equity has tracked the disparity each year since 1996. This year, women will be working until April 10th in order to earn the same amount as their male counterparts did in 2017.

Also, women live longer. The US Department of Health and Human Services statistics have women living an average of 81.2 years compared to men living an average of 76.4 years. Women simply need more money into retirement.

With that in mind, retirement plan advisors can help the female plan participant augment her savings strategy and close that gap. Advisors should be educating the female workforce on the disparity and what they can do to bolster their retirement investment portfolio.

Strategies advisors can use include:

Maxing out the employer contribution. Contributing at any amount less than what the employer will match means your participant is leaving money on the table. Help female participants devise a strategy that allows them to maximize their contributions while still meeting their other financial obligations.

Catch-up provisions. Recognizing the issue, government-sponsored plans have built in catch-up mechanisms that allow women to

increase their contributions to tax-deferred savings plans. Help your female plan participants see what the impact of those increased contributions are over the long term.

Debt reduction or elimination. One common barrier to retirement saving is holding on to debt. Advisors can help their plan participants come up with strategies for reducing or eliminating those debts. That money once allocated to paying off debt can now be redirected into retirement accounts.

Do the math. Not only the amount your female plan participant needs, but also the rate of return should be determined so that she is confident the money she's investing is going to grow at the rate she requires.

Increase by one percent each year. Most employees receive a cost-of-living increase each year. By convincing participants, particularly female participants, to allocate one percent of that increase each year, you can help them find the additional investment capital without an impact to their wallet.

Budget now, retire more securely later. Helping female participants budget while they're still working has a twofold result – participants learn to live within a budget (particularly useful skills during retirement), and they are able to build up their savings and retirement accounts.

Women needing to close the gap in their retirement savings accounts don't have to fall so far behind their male counterparts. Advisors can help women ready their accounts – and their habits – now so that retirement can become an event to look forward to.

"Women are falling behind in retirement savings compared to their male colleagues. How advisors can help them bridge the gap."