

It's Not Your Mother's Retirement—And What to Do About It

If you think of retirement as a destination, many of our mothers were better packed for the journey. They had their bags filled with better benefits: perhaps a pension and health care insurance from your father's job, a spousal Social Security benefit, Medicare, and a nearly paid-off or mortgage-free home.

Today, many women will travel lighter into retirement. We may have a suitcase with 401(k) and IRA savings, one with a Social Security benefit, and another with Medicare benefits. The bags with pensions and private health care coverage probably won't make the trip. We also may carry a mortgage or other debt with us.

Simply put, it's not your mother's retirement.ⁱ Far more than our mothers ever did, we need to focus on saving and investing for retirement. Most of us are responsible for building our own benefits, a dollar at a time.

Preparing for a financially secure retirement means considering how certain decisions will affect your future financial security,

building a good investment plan, protecting your assets, and having a solid plan for not running out of money in your later years.

Decisions that will affect your financial outlook include which job to take, whether or not to leave work to care for your kids, what to do with retirement savings when you

change jobs, and when to retire.

You can build a **good investment plan** on three pieces of information: how much money you'll need to support your retirement lifestyle, how long you have until then, and how comfortable you are with financial risk. This information will help you determine how to divide your savings among investment options.

Protect your assets with insurance to manage the risks life may throw your way. The types of insurance you should have include disability, long-term care, life, and health.

You can protect yourself from running out of money by setting up payments for life with an **immediate annuity**. Consider it as an alternative to, or an addition to, withdrawals from your savings throughout retirement.

Or, if you own your home, you may be able to address a savings shortfall with a reverse mortgage, by borrowing against your home's equity. Otherwise, experts advise selling and then either buying or renting something more affordable.

Our generation is redefining retirement. We hope to travel, pursue higher education, and volunteer. But while many of us recognize the new reality—the responsibility to fund our own retirement—not enough of us are taking the appropriate steps. When we turn this recognition into meaningful action, we are on our way to a secure and meaningful new era in our lives. It all comes down to knowing what luggage we'll need for this 25-year trip. Don't wait until the last minute to pack.

ⁱ WISER conducted a study with The MetLife Mature Market Institute to explore




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the emotional and financial differences between generations. See http://www.wiserwomen.org/pdf_files/todays_woman.pdf for the related consumer publication.

ii Learn more about preparing for retirement by downloading WISER's Seven Life-Defining Financial Decisions, at http://www.wiserwomen.org/pdf_files/wiserrp_t_life_rev_feb04.pdf

Action items that women should take:

- Take management steps
- Save more
- Take advantage of educational opportunities
- Understand the effects of job changes
- Protect your assets in the event of a divorce
- Take advantage of homeownership
- Learn about risk protection products 



A Retirement Planning and Saving Checklist for the Decades:

20's

- Check out benefits that come with jobs.
- Get into the habit of saving.
- Start saving for retirement.
- Strive for a debt-free life.

30's

- Keep saving, and focus more on investing.
- Keep your debt in control.
- Do an insurance checkup.

40's

- Set a specific retirement savings goal.
- Look at how you are investing 401(k) and IRA assets.
- Ask for professional help.
- Do an insurance checkup.

50's

- Revisit your retirement savings goal.
- Take advantage of higher contribution limits in 401(k)s and IRAs that are now available to you.
- Look at how your 401(k) or IRA money is invested. You can still afford to have to have money in stock mutual funds.
- Review your insurance situation.

60's

- Consider your retirement spending strategy.
- Compare pension payout options.
- Consider your health.
- Consider your options if you can't afford to retire.

70's

- If you haven't started withdrawing from your IRA by age 70 ½, do so to avoid tax penalties.
- Start collecting Social Security at age 70 if you have delayed your benefit.