

# *The Woman's Guide to* **RETIREMENT PLANNING**

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**CITRINE**  
FINANCIAL SOLUTIONS

# WOMEN: KNOW YOUR UNIQUE RETIREMENT PLANNING NEEDS AND VALUES



*They say “men are from Mars and women are from Venus” and their differences carry over into financial planning. In a world where women oftentimes share, or own, the responsibilities of household finances, and often are the major “bread-winner”, it makes sense that you are adequately addressed. There are a disproportionate number of men in the financial space today, so let’s take a moment to address some financial needs unique to women.*

*Since women tend to outlive men, you are often in situations where your finances entirely rest on your shoulders. <sup>1</sup>*

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<sup>1</sup> <https://www.legalzoom.com/articles/men-v-women-who-does-better-in-a-divorce>

## Why Women Can Thrive

Studies have found that women are less aggressive than men when it comes to investing. Call it the maternal instinct to protect what you already have or a critical eye, but women tend to take less investment risk.<sup>2</sup> While pursuing a less aggressive investing strategy in your younger years might hurt you in the long run, it can be a good idea to reevaluate how much investment risk you're taking as you get closer to and enter retirement. This is because unlike when you were 30, you don't have as much time to rebuild your savings if they take a hit. It may be that a woman's higher risk-awareness is quite valuable when it comes to financial planning. In fact, numerous studies have found that female investors outperform their male counterparts.<sup>3</sup>

## Be in the Front Seat

So why take a back seat when it comes to retirement planning? If you're married, it can sometimes be simpler to split up tasks and responsibilities between you and your spouse, but when it comes to your finances you shouldn't opt out. A recent report found that only 16% of women take the lead in long-term financial decisions, while 49% leave it up to their spouse and 35% participate equally.<sup>4</sup>

This can put women at risk if they become widowed or get divorced. But whether you're married, single, or independent, you should take control of your finances. Women may have different financial needs than men for several reasons:

- *Women tend to outlive men, with average life expectancies of about 5 years longer than men.<sup>5</sup>*
- *On average, women will need long-term care for 3.7 years, as opposed to 2.2 years for men.<sup>6</sup>*
- *Women may take time off from the work force to raise a family, leaving them with less time to build a nest egg.*
- *Divorce can have a disproportionate effect on women and their standard of living.<sup>7</sup>*

<sup>2</sup> <https://www.investopedia.com/articles/investing/031313/women-and-investing-its-style-thing.asp>

<sup>3</sup> <https://www.cnbc.com/2021/10/11/women-investors-are-still-outperforming-men-study-finds.html#:~:text=On%20average%2C%20women%20investors%20achieve,2011%20to%20December%202020%20shows.>

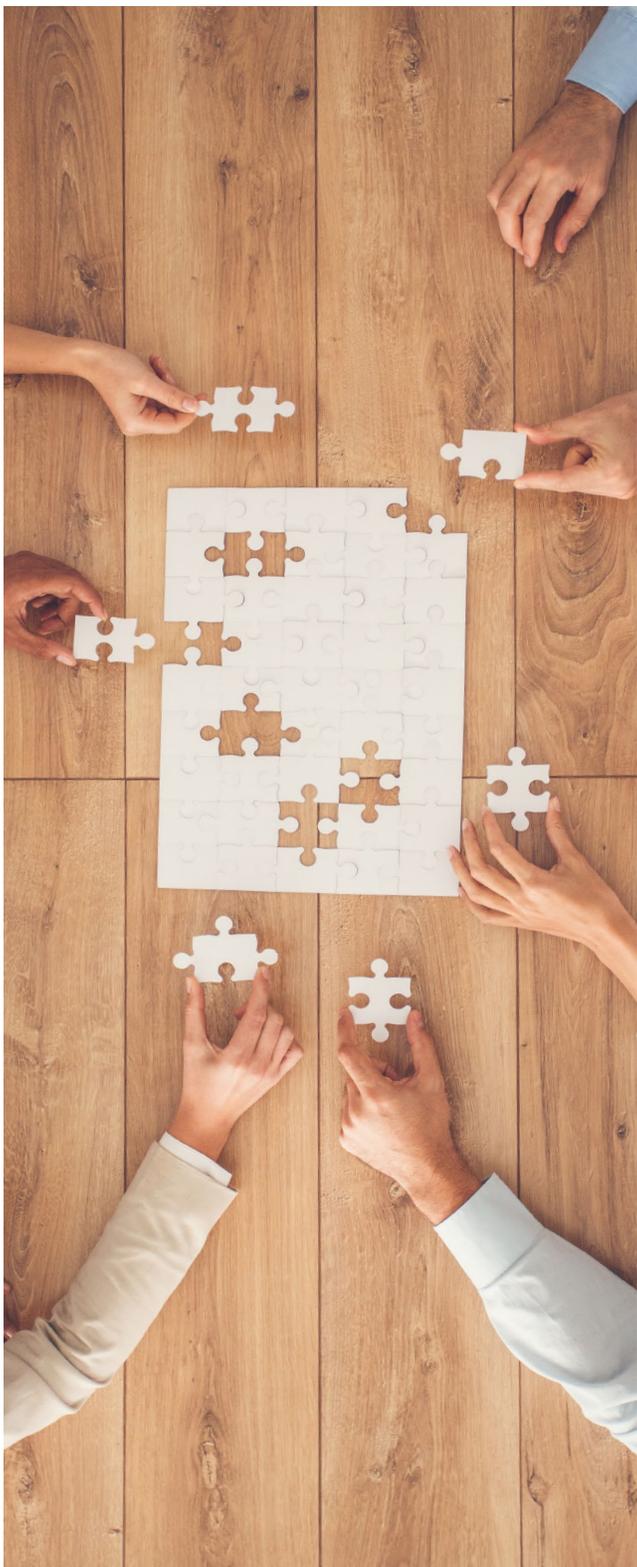
<sup>4</sup> <https://www.fa-mag.com/news/most-women-play-up-equality-but-defer-financial-decisions-to-men-56623.html?print>

<sup>5</sup> <https://www.livescience.com/why-women-outlive-men.html>

<sup>6</sup> <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>

<sup>7</sup> <https://www.legalzoom.com/articles/men-v-women-who-does-better-in-a-divorce>





## *Education is Key*

If you think you should have more confidence in your future or be more comfortable talking about and handling your finances, education is the first step. There is so much out there to read about retirement planning, but most of it isn't about the unique challenges facing women. In this guide, we'll cover five retirement-related topics with a focus on your needs:

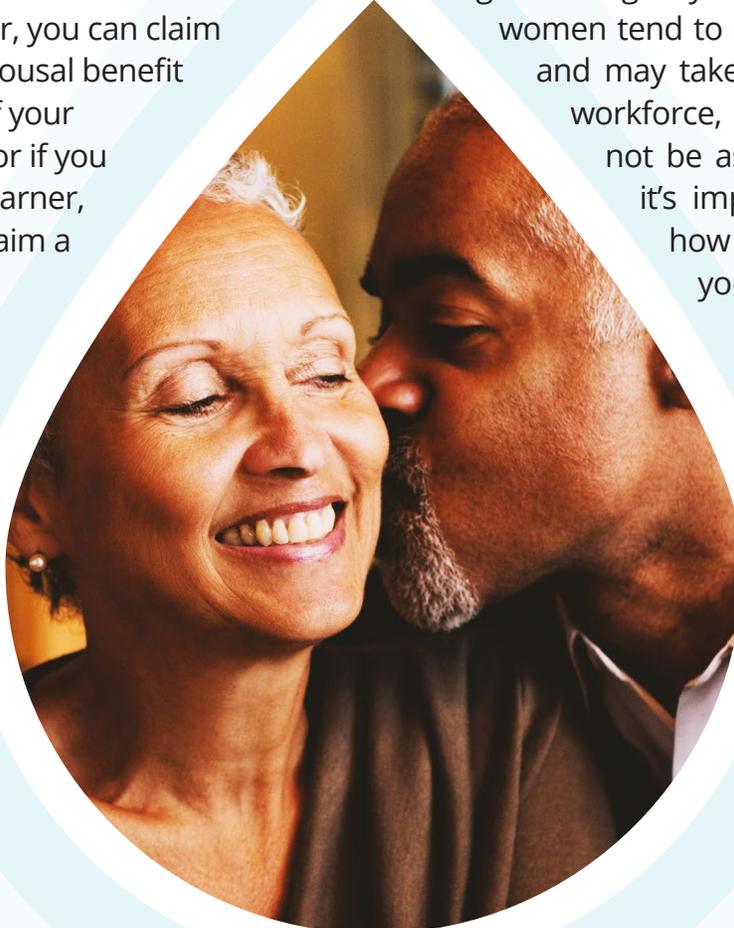
- *Social Security, including spousal benefits, benefits for divorcees, and planning for couples who have a large age gap between them.*
- *Retirement Income sources and strategy.*
- *Healthcare, including Medicare planning for couples and long-term care planning.*
- *Estate planning for married, re-married, and single women.*
- *Lifestyle questions to consider.*

## *Understanding the Spousal Benefit*

There are many options for couples when it comes to claiming Social Security benefits – more than for people who were never married. You may have taken time off from work when the kids were young, or when a parent could no longer take care of themselves. As a result, your Social Security benefit might be less than your spouse's. Or, if you worked for less than 10 years – paid work outside the home that is – you are not entitled to a Social Security benefit of your own. But this doesn't mean that your contribution goes unrewarded in retirement. If you have reached your full retirement age and have been married for at least one year, you can claim a Social Security spousal benefit worth up to 50% of your spouse's benefit – or if you were the primary earner, your spouse can claim a spousal benefit.<sup>8</sup>

“What if I'm divorced?” you might ask. If you were married for at least 10 consecutive years, have been divorced for at least two years, and are not remarried, you can still claim a spousal benefit worth half of your ex-spouse's benefit after you turn your full retirement age. If your spouse is remarried, it will not affect the spousal benefit you are entitled to.<sup>9</sup>

The question of when to claim Social Security is just as important if you are single. Women tend to live longer than men, and Social Security can help to protect against longevity risk. However, since women tend to earn less than men and may take time off from the workforce, their benefit may not be as large. This is why it's important to find out how you can maximize your benefit.



<sup>8</sup> <https://www.ssa.gov/planners/retire/applying6.html>

<sup>9</sup> <https://www.ssa.gov/planners/retire/divspouse.html>

## When Should You Claim?

Under most circumstances, you must be at least 62 to claim Social Security. If you claim your own Social Security benefit before your full retirement age, you will receive a reduced benefit for the rest of your life. And if you wait to collect after your full retirement age, your benefit will be increased.<sup>10</sup>

This means that your spouse's age at the time he starts benefits affects your spousal benefit. Your age affects this too: You will receive less than 50% of your spouse's benefit if you claim spousal benefits before your full retirement age, or 50% of his benefit if you claim at your full retirement age, but you will not receive an increased benefit by waiting past your full retirement age to claim.<sup>11</sup>

FULL RETIREMENT AGES	
IF YOU WERE BORN IN:	YOUR FULL RETIREMENT AGE IS:
1943 - 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

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<sup>10</sup> <https://www.ssa.gov/planners/retire/applying6.html>

<sup>11</sup> <https://www.ssa.gov/planners/retire/applying6.html>

<sup>12</sup> <https://www.ssa.gov/planners/retire/retirechart.html>

## Medicare

You may be covered under Medicare Part A based on your spouse's work history even if you are not eligible to receive Medicare benefits. Under most circumstances, you must be at least 65, and either currently married for at least one year, have been married for at least 10 years, or widowed after having been married for at least nine months.<sup>13</sup>

But what if you're not 65 yet? You may wonder what happens if your spouse retires before you're 65 and you were covered under his workplace healthcare plan. If your spouse is older than you and you are currently covered under his employer plan, you'll need to decide what to do when he turns 65, as he'll likely enroll in Medicare then.

If he continues to work, he can likely still cover you, as many people who continue to work past age 65 are covered by both Medicare and employer-sponsored insurance. Some employers also provide retiree health benefits that act as supplemental coverage to Medicare.<sup>14</sup> If you work, you may be able to switch to health insurance provided by your own insurer. If you don't, you can explore more options with an advisor.

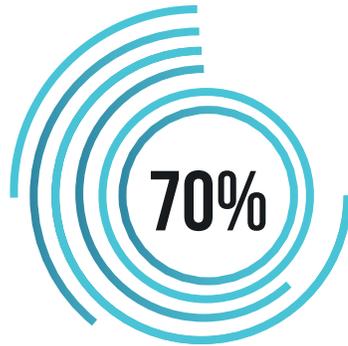


<sup>13</sup> <https://www.medicareinteractive.org/get-answers/medicare-health-coverage-options/original-medicare-costs/qualifying-for-premium-free-part-a-based-on-your-spouses-work-history>

<sup>14</sup> <https://www.verywellhealth.com/losing-health-insurance-when-your-spouse-gets-medicare-1738468>

## Long-term Care

One healthcare cost that is easy, but potentially detrimental to overlook is long-term care. It's estimated that 70% of Americans age 65 and older will need long-term care at some point in their lives.<sup>15</sup> On average, women will need 3.7 years of long-term care, men will need 2.2 years, and 20% of people need long-term care for longer than five years. When you consider that the median cost of a private room in a nursing home is over \$108,405 a year,<sup>16</sup> covering long-term care costs can be a major financial burden.



*An estimated 70% of Americans age 65 and older will need long-term care at some point in their lives.<sup>15</sup>*

If you're married, you not only have to prepare for the possibility that you could outlive your spouse, but that one of you might require help with bathing, dressing, eating, or other daily living activities. While it can be easy to push off the question and assume one of you will take care of the other, this may not be the case. Some people end up needing around the clock care or care that a spouse is simply not able to give them.

If you are independent, it's important to consider your potential long-term care needs whether you have children or not. While adult children may be capable and willing to care for you in the event that you need long-term care, they may not be able to due to distance, their need to work, or other caregiving responsibilities. Fortunately, there are a number of options for protecting yourself against high long-term care costs and we can help you choose.

<sup>15</sup> <https://acl.gov/ltc/basic-needs/how-much-care-will-you-need>

<sup>16</sup> <https://www.medicaidplanningassistance.org/nursing-home-costs/>

Social Security only replaces a part of income, pensions are rare, and life spans are increasing. And you're not only planning to survive in retirement, but to thrive. Maybe you want to travel the world, visit family and friends more, stay in your home, or devote more time to your hobbies. Achieving your retirement goals starts with figuring out how you will create income in retirement.

## STEP 1

The first step is to figure out how much income you will need in retirement. Start by calculating how much money you will need for basic living expenses like housing, food, and medical care. Then, consider additional expenses like travel costs if you're planning on a vacation after you retire, dining out, and activities you might enjoy such as golf, biking, or tennis. Finally, remember that an emergency fund is just as important in retirement as it was before and set aside funds for one.

## STEP 2

The second step is to decide where to draw income from. Consider all of your potential income sources in retirement: How much will you receive in Social Security? How much will you receive from a pension if you have one? Other income sources include traditional and Roth retirement accounts such as 401(k)s and IRAs. You may also have investment income you can continue to draw on in retirement. In order to have a regular stream of income, much like a paycheck, you may opt to purchase an annuity. In that case, those monthly payments will become another income source.

## Potential Retirement Income Sources

### Annuities

There are many types of annuities, including joint and survivor annuities. These are for more than one individual, and they are designed to continue providing a steady stream of income to a second beneficiary after the first beneficiary passes away, or pay out the remainder of the benefit to the second beneficiary. Keep in mind that the payments to a second beneficiary after the passing of the first may be reduced.



### A Spousal IRA

Normally, you would have to earn income in order to contribute to an IRA, but there is an exception. Spouses who don't work for pay can contribute to a spousal IRA if they file jointly with a spouse. The current IRA contribution limit is \$6,500 per year for people under 50, and \$7,500 per year for those 50 and older who receive at least those amounts in income. This will be your own IRA and is not co-owned by your spouse.<sup>17</sup>

### Financial Planning and Divorce

Unfortunately, divorce can be particularly hard on women financially. One study found that women who divorce after age 50 see their standard of living drop 45%, compared to men's which drops 21%.<sup>18</sup>

Fortunately, there are steps women can take when going through a divorce, and afterwards, to help ensure their future financial wellbeing. An advisor can look not only at numbers, but at your unique situation to create a financial plan for you.

<sup>17</sup> <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits>

<sup>18</sup> <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC8599059/#:~:text=Results,losses%20associated%20with%20gray%20divorce>

Women hold a considerable amount of wealth in the US.<sup>19</sup> Whether you want to leave your wealth to children, other family members, a charity that is important to you, or something else entirely, you should have an estate plan. The first step is understanding the function of the following documents and estate planning tools.

<b>WILL</b>	STATES HOW YOU WISH YOUR PROPERTY TO BE DISTRIBUTED
<b>DURABLE POWER OF ATTORNEY</b>	ASSIGNS AN AGENT OR PERSON TO ACT ON YOUR BEHALF IF YOU ARE UNABLE TO DO SO
<b>HEALTHCARE POWER OF ATTORNEY</b>	DESIGNATES AN INDIVIDUAL TO MAKE IMPORTANT HEALTHCARE DECISIONS ON YOUR BEHALF IF YOU ARE UNABLE TO DO SO
<b>GUARDIANSHIP DESIGNATIONS</b>	IF YOU HAVE MINOR CHILDREN, YOU CAN FORMALLY DESIGNATE A GUARDIAN AND A BACKUP GUARDIAN FOR THEM
<b>TRUST</b>	AN ARRANGEMENT THAT DESIGNATES A THIRD PARTY TO HOLD YOUR ASSETS ON BEHALF OF BENEFICIARIES

The possibility of outliving your spouse is a good reason to educate yourself on your finances, and become acquainted with your financial advisor. A thorough understanding of your finances and a strong relationship with your advisor could give you less to worry about in a very stressful situation, and help you map out a plan for the future.

<sup>19</sup> <https://www.cnn.com/2022/05/03/money-decisions-by-women-will-shape-the-future-for-the-united-states.html>

Your 50's and 60's can also be the beginning of something, rather than the end. There may be new jobs, a rediscovered hobby, volunteering, a revived social life, grandchildren, travel, or all of the above. Here are some questions to ask yourself when thinking about this new phase in your life:

***DO I WANT TO GO BACK TO WORK?***

***DO I WANT TO TRAVEL AND HOW DOES THAT  
FIT INTO MY RETIREMENT BUDGET?***

***DO I WANT TO BE A MENTOR BEFORE OR  
AFTER I RETIRE?***

***WHAT VOLUNTEER OPPORTUNITIES AROUND  
ME AM I INTERESTED IN?***

***HOW WILL MY SOCIAL LIFE CHANGE IN  
RETIREMENT AND HOW CAN I MAKE SURE  
IT'S VIBRANT?***



## CONCLUSION

This is a new stage in life, no matter if you're married, single, retiring yourself, or married to someone who is retiring. At Citrine Financial Solutions, we like to say that you're not just retiring from something, you're retiring to something, and we're here to help you figure what that is and how to plan for it. This process begins with you. It begins with your financial education and active participation in any and every decision that will affect you down the road.



## IMPORTANT DISCLOSURES:

This guide is not endorsed or approved by the Social Security Office or any other Government Agency. This guide is designed to provide general information on the subjects covered. Pursuant to IRS Circular 230, it is not intended to provide specific legal or tax advice and cannot be used to avoid penalties or to promote, market, or recommend any tax plan or arrangement.