Women, Retirement and Social Security

By Doris Dobkins

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Which of the following are reasons that Social Security is especially important to women:

a) Women are less likely to have pensions when they retire.
b) Women live longer than men, increasing chances of outliving their assets.
c) Women have average lower lifetime earnings because of pay−inequity and time out of the work force to care for family.
d) All of the above.

The answer is d) all of the above.

Women are living well into the eighties and many will spend more years in retirement than they ever did working. As you can imagine, this is placing a tremendous strain on the Social Security system. One of the best ways to be prepared for retirement is to prepare yourself.

"Forty−two percent of all women over seventy−five are living on less than $13,000 a year, and when Baby−Boom women retire, only an estimated twenty percent of them will be financially secure" according to a special report titled "Why Most Women Can't Afford To Retire" in the current issue of Ms. Magazine. It is estimated that only 20% of boomer women (born between 1946 and 1964 will be financially secure in retirement.

Here's some wisdom for women planning for retirement:

1. Statistics show that 80% of women will need to take charge of their own finances at some point in time. It is important for them to fully

understand their personal finances and investments. If you don't understand your finances, ask your husband to explain them to you, enroll in a class and your local community college or learning center or check out some financially related books from the library.

2. It's never too soon to get started investing for retirement. The sooner you get started, the longer you have to let your money work for you. Don't put off saving. Just $25 a week starting at age 35 could add up to $100,000 to your nest egg before retirement. Start now, automate the process by having the money automatically deducted from your paycheck before you have a chance to spend or even see it.

3. Whenever you take a job, always ask about their pension plan. Find out how long until you are eligible, vesting requirements, will the employer contribute to and/or match your funds and if so, at what percentage rate?

4. Beware of taking Social Security early. Currently, the retirement age for full benefits is 65, and the earliest age at which one is eligible for benefits is 62. If you take your retirement benefits early, the result is reduced benefits by as much as 30 percent for as long as you live. The eligibility age for full Social Security benefits has been revised from 65 to 67 years of age, to be phased in by the year 2022.

Here are a few resources on Women and Social Security. Some sites represent different viewpoints. It is good to be aware of the different opinions and to realize that the more you can save for your own retirement, the better off you will be regardless of what happens with the Social Security System.

Interesting Links:

The Social Security Administration: To read about available programs and to order a statement of your estimated future benefits, call (800) 772−1213 or check out their web site at http://www.ssa.gov

Take a Social Security Quiz: http://www.women4socialsecurity.org/quiz.htm

Women's Social Security Issues:
http://www.womensissues.about.com/newsissues/womensissues/library/weekly/aa042000a.htm

Social Security Privatization Article:
http://www.socialsecurity.org/women.html

More Social Security Issues:
http://www.cpr4womenandfamilies.org/ss2000.html

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Justify Social Security ... Don't Save for Retirement

By Kemberly Wardlaw

It is a common question when investors review their retirement plan−−should we include social security benefits into our retirement income projections?

It seems the closer an investor is to retirement, the more likely he/she will include social security benefits into the analysis. Younger investors, however, may feel compelled to omit such benefits. They must then become mavericks on the retirement front. The choice is yours, but before you decide the influence of social security on your future, remember the following points:

When Franklin D. Roosevelt signed the social security act in 1935, he stated that social security gives some protection to American families. One reoccurring theme of his statement focused on assistance, not 100% protection. In the President's words, "the law will flatten out the peaks and valleys of deflation and of inflation (source:

)."

For many, the Social Security Administration has raised the age of full retirement from 65 to adopt a more stringent schedule. This may be an addition of a couple of months or a couple of years. The administration justifies the increases due to longer life expectancies and general healthier life styles.

For example, those born after 1960, your full retirement age is 67. Going forward, we should ask ourselves "what other changes will be made to social security?" If you would like a complete schedule of retirement ages for full benefits, I recommend you visit Social Security's website at

.

An opinion adopted by many is to consider social security in part the closer you are to retirement. For example, if you are sixty years of age and plan on full retirement in five years, you should consider an analysis based on your current projected benefits. Even with the proposed reform plans, preservation of benefits is a priority for eligible citizens age 50−55 and older.

If however you are thirty, it may be better for you to omit such projections. The result will be overfunded personal savings. Thus social security will be an added benefit and not the benefit.

Consider the troubling issues of the 2004 OASDI Trustees Report: future scheduled benefits for today's young workers could be reduced by 27% or more if amendments to the current plan are not adopted.

Young workers should take note of this report. Do not rely on social security and concentrate on personal savings.

In conclusion, you have a risky option−−there is only one way to justify social security, don't save for retirement. If this is your chosen route, be prepared for difficult times ahead.

Wardlaw's belief is that familiar life elements best illustrate practical investment strategies; not typical investment jargon. With that philosophy, the author assists financial planners/advisors, brokerage firms, periodicals, and other investment information syndicates create informative and entertaining articles. For comments and questions, please contact the author at

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