WOMEN AND RETIREMENT

SPEAKERS

FirstName LastName
Title, Organization

FirstName LastName
Title, Organization

DID YOU KNOW?

American households with children under age 18 now include a mother who is either the **sole or primary earner** for her family.[1]

According to the U.S. Census Bureau, there has been a significant increase in the number of women who **have never been married**.[2]

[1] Pew Research Center analysis of the Decennial Census and American Community Surveys (ACS) Integrated Public Use Microdata Sample (IPUMS) files.
[2] U.S. Decennial Census (1890–2000); American Community Survey (2010).

DID YOU KNOW?

20% The probability of a first marriage ending in separation or divorce **within 5 years**.

33% The probability of a first **marriage ending after 10 years**.

2X **Divorce rates for women over 50** have doubled in the last 20 years to one in four.

Source: Marriage and cohabitation in the United States. A statistical portrait based on Cycle 6 (2002) of the National Survey of Family Growth, National Center for Health Statistics. Vital Health Stat 23(28), 2010.

DID YOU KNOW?

40%

of **women aged 65 and older** are widowed *(compared with 13% of men)*.

Source: 2010 Current Population Survey, Annual Social and Economic Supplement of the U.S. Census Bureau.

ACCORDING TO OUR STUDY

Working millennial women who are saving in 401(k)s have comparable education to their male counterparts *but…*

- Lower median personal income
- Lower median contribution rates (**5%** compared with **8%** for their male counterparts)
- Lower median 401(k) balances (**almost 70% less** than their male counterparts)

Conducted online July 24-August 14, 2018. Representative national study of 3,005 adults age 21+ currently contributing or eligible to contribute to a 401(k) plan and have a balance of $1,000+.
Source: T. Rowe Price Retirement Savings and Spending Study 4 (RSS4).

ACCORDING TO OUR STUDY

Of recently retired women who saved in 401(k)s,
half were single (widowed, divorced, never married) *and…*

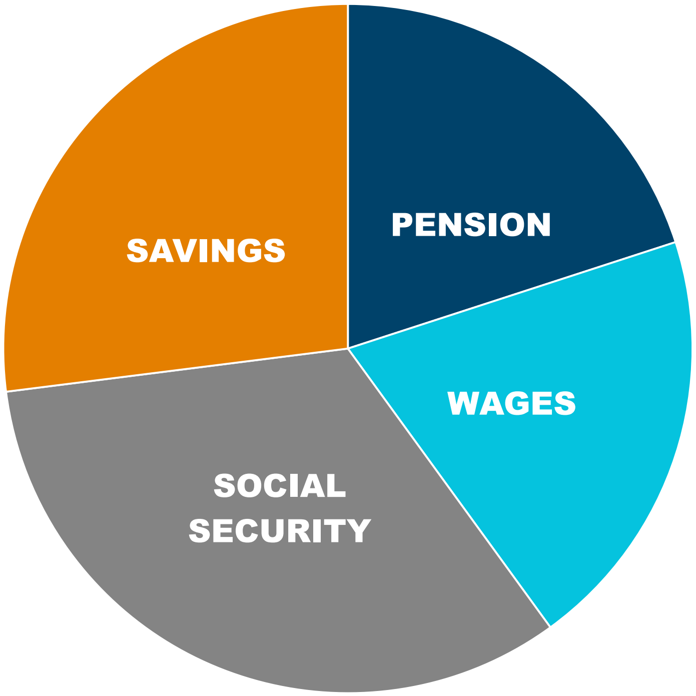
- Had significantly **lower assets*** than their male counterparts
- Responded at a higher rate that retirement did not meet their expectations

Conducted online July 24-August 14, 2018. We surveyed 1,005 adults who have retired with a rollover IRA or left-in-plan 401(k) balance.
Source: T. Rowe Price Retirement Savings and Spending Study 4 (RSS4).
*Investable assets plus home equity less debt.

THE ROLE OF SAVINGS

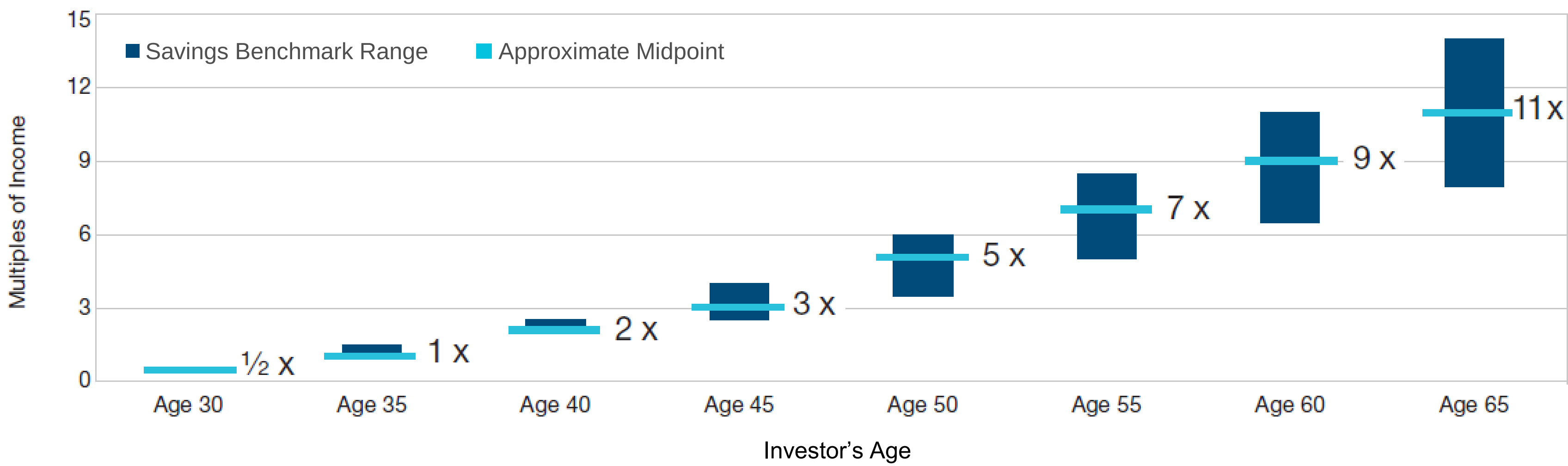
75%

The percentage of your current salary you may need for a comfortable retirement.



RETIREMENT SAVINGS—HOW MUCH?

Savings benchmarks by age—as a multiple of income



Assumptions: Benchmarks are based on a target multiple at retirement age and a savings trajectory over time consistent with that target and the savings rate needed to achieve it. Household income grows at 5% until age 45 and 3% thereafter. Investment returns before retirement are 7% before taxes, and savings accumulate tax deferred. The person retires at age 65 and begins withdrawing 4% of assets. Savings benchmark ranges are based on individuals or couples with current household income between $75,000 and $250,000. Target multiples at retirement reflect estimated spending needs in retirement, Social Security benefits and federal taxes (based on rates as of January 1, 2018). While federal tax rates are scheduled to revert to pre-2018 levels after 2025, those rates are not reflected in these calculations. We assume the household starts saving 6% at age 25 and increases the savings rate by 1% annually until reaching the necessary savings rate.

RETIREMENT SAVINGS:
HOW MUCH SHOULD I HAVE?

Investor's Age:	Savings Benchmarks:
30	half of salary saved today
35	1x to 1.5x salary saved today
40	2x to 2.5x salary saved today
45	2.5x to 4x salary saved today
50	3.5x to 6x salary saved today
55	5x to 8.5x salary saved today
60	6.5x to 11x salary saved today
65	8x to 14x salary saved today

Assumptions: Benchmarks are based on a target multiple at retirement age and a savings trajectory over time consistent with that target and the savings rate needed to achieve it. Household income grows at 5% until age 45 and 3% (the assumed inflation rate) thereafter. Investment returns before retirement are 7% before taxes, and savings grow tax deferred. The person retires at age 65 and begins withdrawing 4% of assets (a rate intended to support steady inflation-adjusted spending over a 30-year retirement). Ranges are based on individuals or couples with current household income between $75,000 and $250,000. Refer to the T. Rowe Price Insights piece "Are My Retirement Savings on Track?" for additional information.

RETIREMENT SAVINGS:
HOW DO I GET THERE?

15%*

OF YOUR SALARY

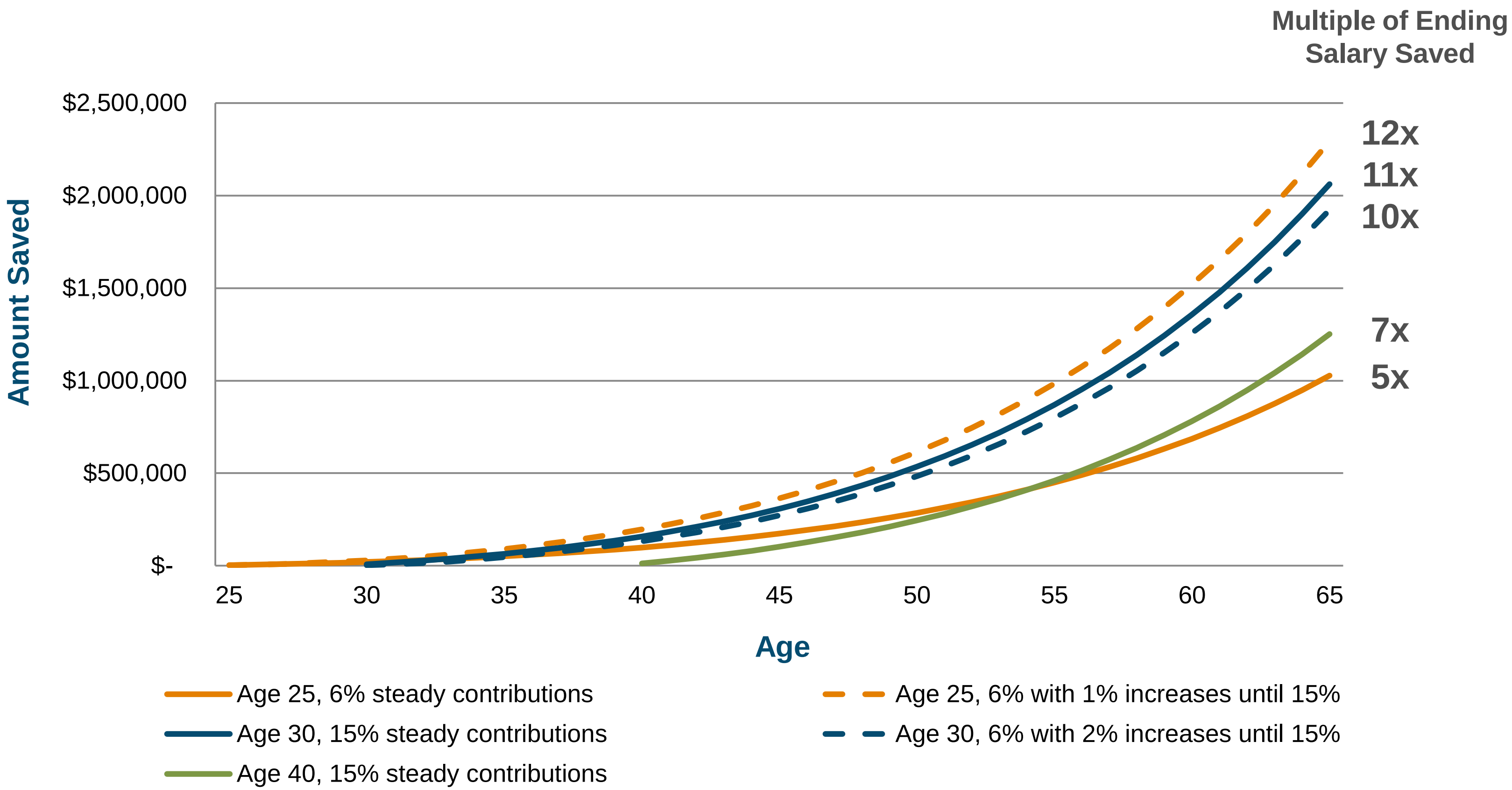
Investors should strive to

SAVE AT LEAST 6%

Consider increasing contributions by 2% each year to build toward 15% target

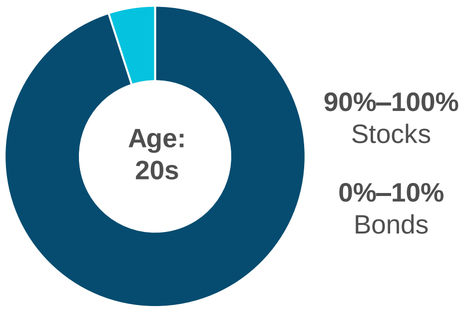
*including company contributions

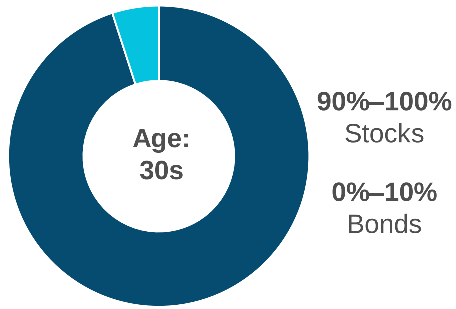
ANNUAL CONTRIBUTION INCREASES

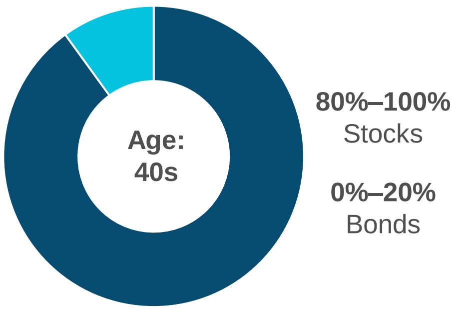


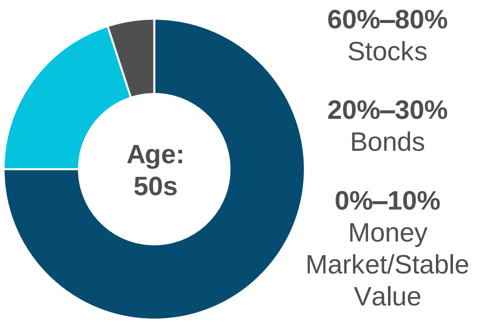
Assumptions: Examples beginning at age 25 assume a beginning salary of $40,000 escalated 5% a year to age 45 then 3% a year to age 65. Examples beginning at age 30 assume a beginning salary of $50,000 escalated 5% a year to age 45 then 3% a year to age 65. Example beginning at age 40 assumes a beginning salary of $80,000 escalated 5% a year to age 45 then 3% a year to age 65. This example is for illustrative purposes only and is not meant to represent the performance of any specific investment option. The assumptions used may not reflect actual market conditions or your specific circumstances, and do not account for plan or IRS limits. Please be sure to take all of your assets, income, and investments into consideration in assessing your retirement savings adequacy.

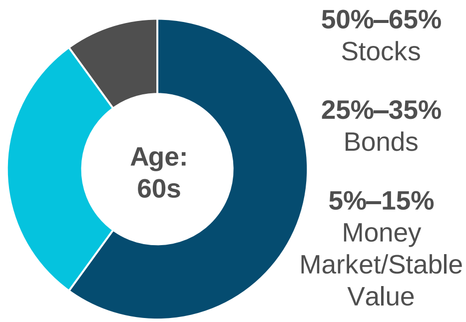
ASSET ALLOCATION

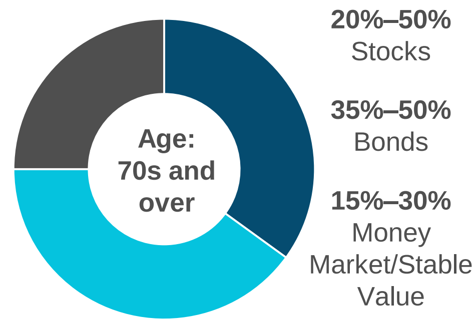












■ Stocks ■ Bonds ■ Money Market/Stable Value

The allocations are age-based only. Depending on your risk tolerance, time horizon, and financial situation, you may need to make adjustments. There is no guarantee that any particular asset allocation will meet your investment objectives or provide you with a given level of income.

ASSET ALLOCATION ASSUMPTIONS

Our asset allocation models are designed to meet the needs of a hypothetical investor with an assumed age 65 retirement and a withdrawal horizon of 30 years. The model allocations are based upon an analysis that seeks to balance long-term return potential with anticipated short-term volatility. The model reflects our view of appropriate levels of tradeoff between potential return and short-term volatility for investors of certain age ranges. The longer the time frame for investing, the higher the allocation is to stocks (and the higher the volatility) versus bonds or cash.

Limitations:

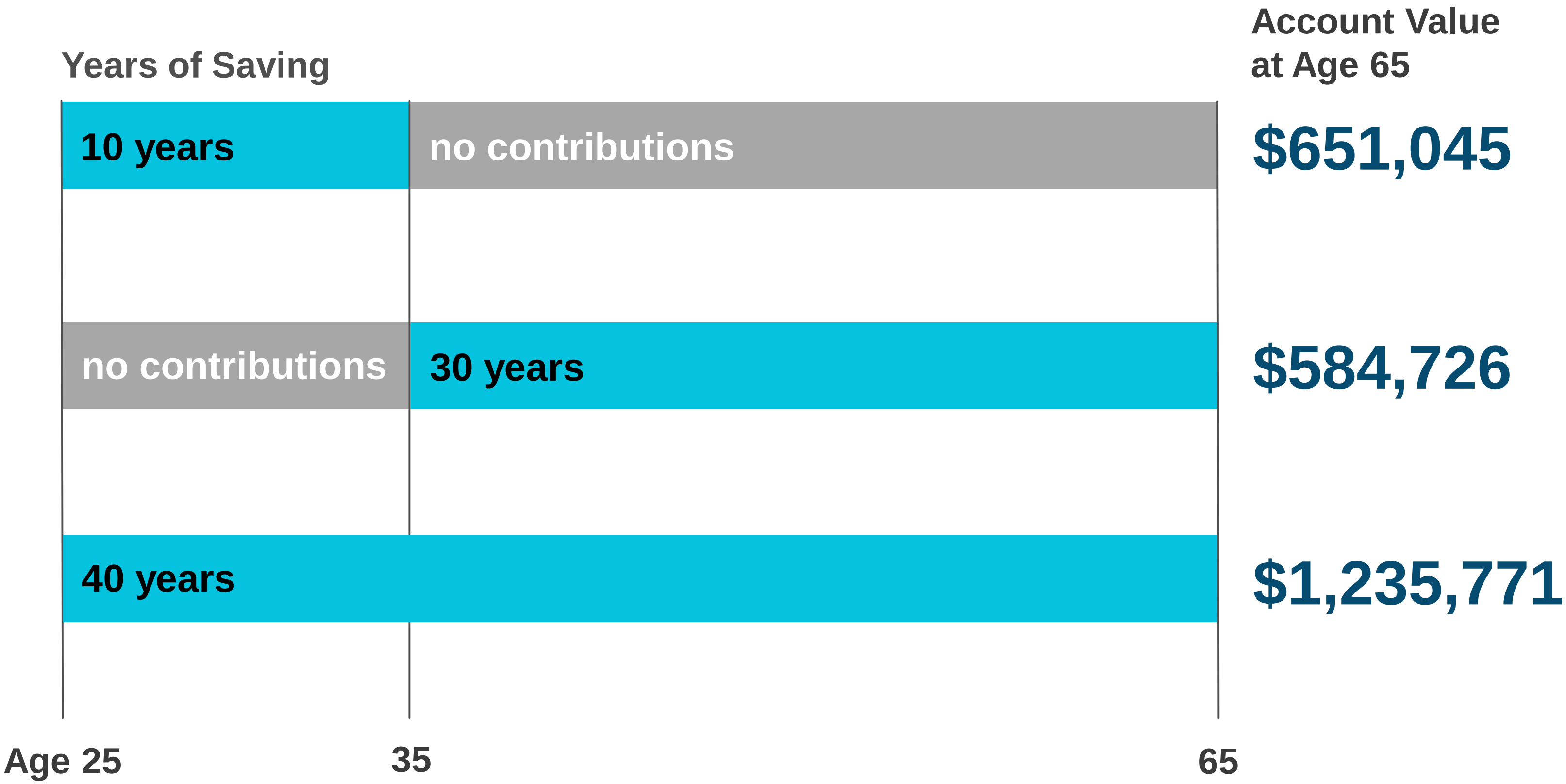
While the models have been designed with reasonable assumptions and methods, the tool provides hypothetical models only and has certain limitations.

- The models do not take into account individual circumstances or preferences, and the model displayed for your age may not align with your accumulation timeframe, withdrawal horizon, or view of the appropriate levels of tradeoff between potential return and short-term volatility.
- Investing consistent with a model allocation does not protect against losses or guarantee future results.

Please be sure to take other assets, income and investments into consideration in reviewing results that do not incorporate that information. Other T. Rowe Price educational tools or advice services use different assumptions and methods and may yield different outcomes.

COMPOUNDING

COMPOUNDED SAVINGS OVER 40 YEARS SAVING $500 PER MONTH



This chart is for illustrative purposes only and is not meant to represent the performance of any specific investment option. Assumes $500 invested each month in a tax-deferred account and a 7% annual rate of return for a hypothetical investor from age 25 to age 65. The Account Value at age 65 is tax-deferred, and contributions and earnings are subject to taxes upon withdrawal. All investments involve risk, including possible loss of principal.

Source: T. Rowe Price

EMERGENCY RESERVES

Adequate savings can prevent the need to use credit cards or raid retirement accounts.

Set aside

Build over time

3 to **6**

MONTHS OF EXPENSES

EMERGENCY RESERVES

Adequate savings can prevent the need to use credit cards or raid retirement accounts.

Set aside

Build over time

1 to **2** **YEARS**

GENERATIONAL VIEW

Millennials

Gen Xers

Baby Boomers

- Saving less money
- Making less money
- Managing student loan debt

GET STARTED

GENERATIONAL VIEW

Millennials

Gen Xers

Baby Boomers

- Being a good wife, mother, daughter, sister, friend…
- Caring for children *and* parents
- Dealing with income gaps

MANAGE COMPETING PRIORITIES

GENERATIONAL VIEW

Millennials

Gen Xers

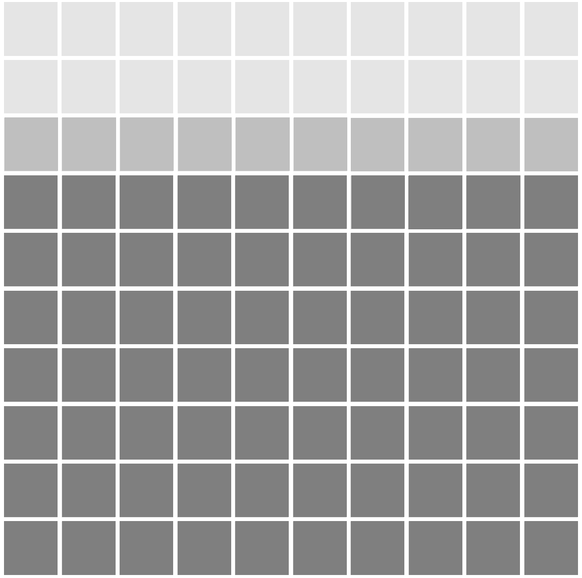
Baby Boomers

- Generally lower retirement savings balance
- Relying more on Social Security
- Living longer than men

SOCIAL SECURITY: A WOMAN'S ISSUE

STAY ON TRACK

- Retirement Savings
- Emergency Reserves
- Managing Debt



We suggest trying to live on

70%–80%

of salary while saving for goals.

MANAGING DEBT

If debt payments are inhibiting saving for retirement:

Target debt

Set a timetable

Continue payments

Target high-interest debt (credit cards) and accelerate payments

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Set a timetable

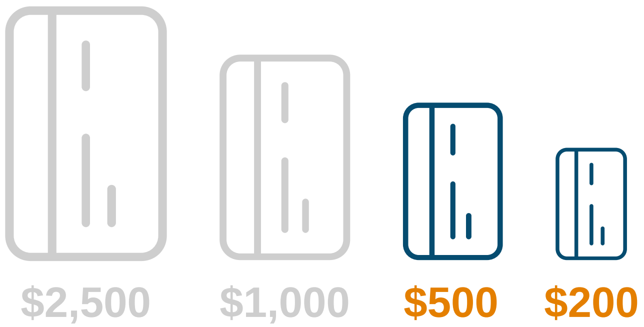
Set a timetable (for example, one to three years)

Continue payments

MANAGING DEBT

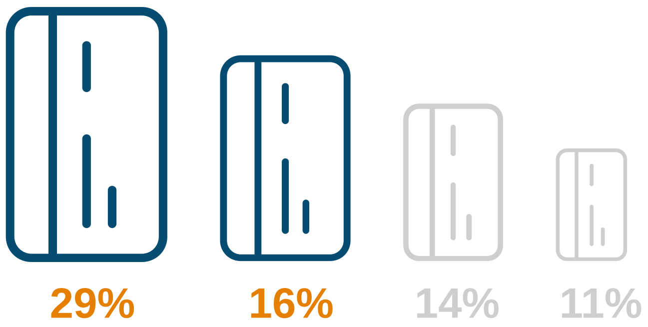
BEHAVIORAL APPROACH

Tackle lowest balances first and accelerate payments



ECONOMIC APPROACH

Target highest-interest cards first and accelerate payments



Once a card is paid off, reallocate payments to the next card you plan to tackle.

MANAGING DEBT

If debt payments are inhibiting saving for retirement:

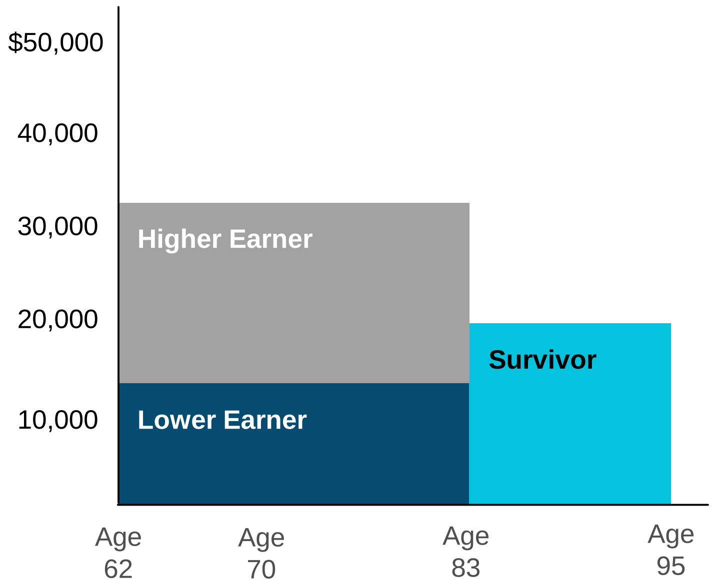
Target debt	Target high interest debt (credit cards) and accelerate payments
Set a timetable	Set a timetable (for example, one to three years)
Continue payments	Continue making regular payments on other kinds of debt, like student loans and mortgages

Once debt is eliminated, consider increasing retirement contributions toward 15%.

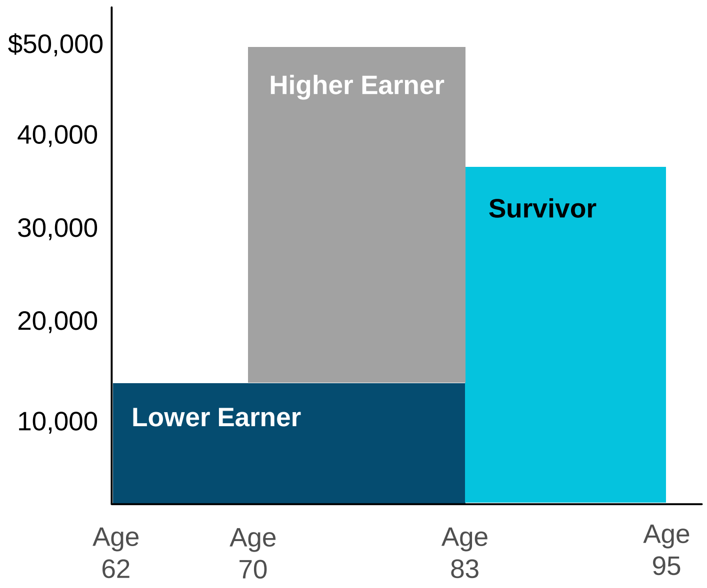
SOCIAL SECURITY SURVIVOR BENEFITS

TO MAXIMIZE YOUR SURVIVOR BENEFIT, HIGHER EARNER SHOULD CLAIM LATER

Claiming Early



Maximize Survivor Benefit



Assumptions: Spouses are the same age (born 1/15/1957).
One spouse makes $90,000 a year prior to retirement.
The other makes $50,000 a year prior to retirement.
One lives to age 83, the other to 95.
Source: SSA.gov quick calculator, using default earnings history assumptions, as of December, 2018.

FOCUS ON WHAT YOU CAN CONTROL

Know your financial situation

- Set goals
- Live within your means
- Save early and regularly
- Invest appropriately
- Know where you stand

Review your situation at least annually

Educate yourself

Continue the conversation

FOCUS ON WHAT YOU CAN CONTROL

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WORKING WITH A FINANCIAL PROFESSIONAL

WHAT DO WOMEN WANT FROM A FINANCIAL PROFESSIONAL?

- Well-managed relationship
- “A Safe Space”
- Educate them

WHAT A FINANCIAL PROFESSIONAL CAN PROVIDE:

- Planning Expertise
- Financial Counselor
- Connector and Advocate

Source: Center for Talent Innovation, “Harnessing the Power of the Purse: Female Investors and Global Opportunities for Growth”, May 2014

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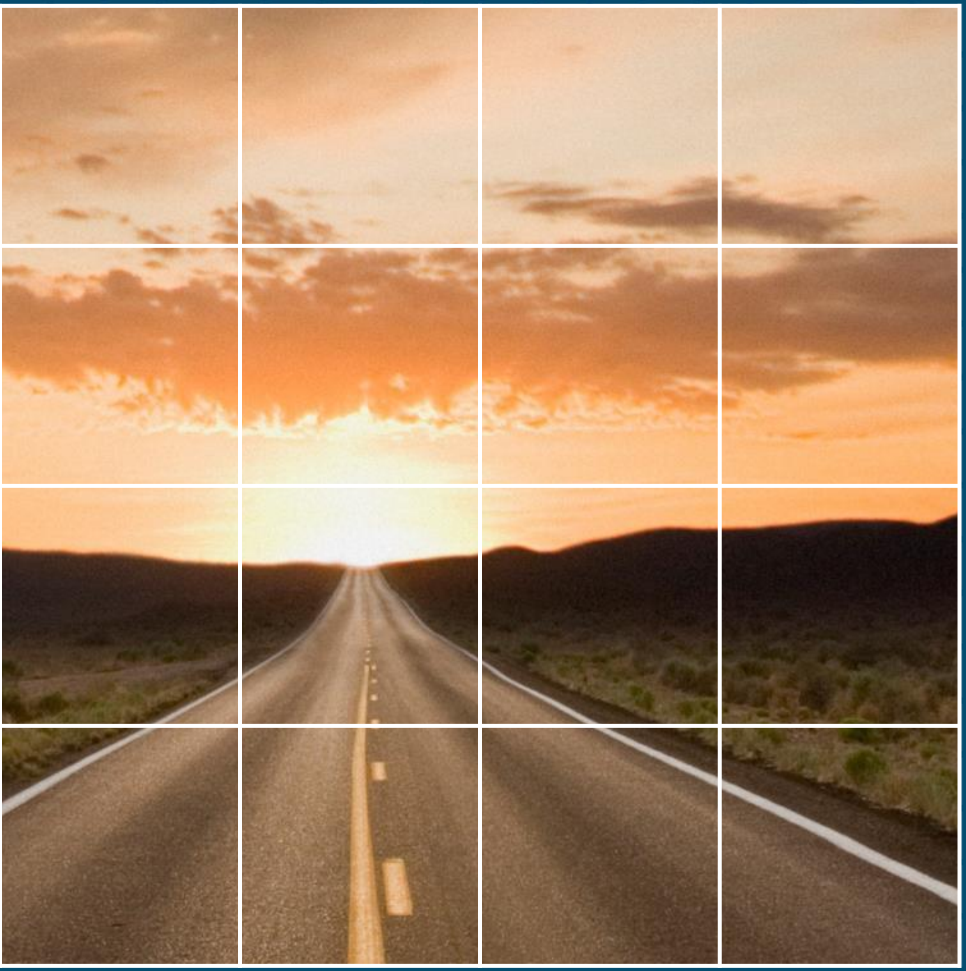
INVEST WITH CONFIDENCE



IT'S YOUR FUTURE.

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