

The Risk of Not Planning for Living a Long Life

By Connie Golleher

It should be a different conversation when we talk about women and retirement—women are at a higher risk of outliving their assets. In the past, a woman's financial status or security depended largely on her husband or father's earning power. It was hard for women to establish credit in their name, secure a loan or sign a lease. Even though times have changed, with more women in the workforce and living independent lives, we still see a very large number of women who do not take responsibility for securing their financial futures

One reason women are more likely to outlive their assets is that, statistically, women live 7 years longer than men, hence women need more retirement income than men. Another reason is that even with women's roles changing, women remain the primary caregivers for their children and aging family members. Women can move from career, to raising children, to entering the workforce, to leave again to care for a family member. This reduces their earning power, which in-turn reduces savings power for retirement years.

So with women placing their working years on the back burner, it is no surprise that many find themselves with insufficient retirement assets. Women are not asking the right questions about living a long life. Women, lots of women, are running out of money in retirement years and are left with social security as their primary income.

The question for women becomes: do you think you may live a long life and if you do is there a chance you will have sufficient assets when you need them? Do you understand the consequences to your family and finances of not planning? Insurance can help in the overall planning process. The three most important types of insurance, during both your earning and retirement years are: (1) Life insurance, (2) Disability insurance, and (3) Long Term Care insurance.

Life insurance is important because it protects the assets that you have built and provides an easier transition for family members. It doesn't make sense to build a solid financial or retirement plan to lose it all because you didn't protect it in the event of an early death. It can provide the income needed for children to attend school and college, care for a family member, pay off any debt you may have.

Disability insurance protects your ability to earn an income during your working years. If you become unable to work the benefit would help not only pay expense but also provide for continued savings. Best time to purchase is in your working years. Make sure it is a non-cancelable policy so that you can retain it as long as you pay the premiums, even if you take time off to raise children or care for a family member. Long Term care coverage is best viewed as coverage that will protect your retirement assets if you need care as you age.

Women can also be too conservative when it comes to investing which can limit the potential growth of their savings. Women are inclined toward slow and steady investments, as opposed to higher-risk, which often times means inadequate planning. Most women know the basics of money management but frequently lack the confidence when it comes to making investments decision.

Even though women should be worried about a secure retirement, it is never too late to start. Start investing in your financial security future today! Make time to focus on starting a retirement plan, educate yourself by talking to others about what retirement planning they are doing. Ask other women you know if they have a plan to secure their retirement. Take the steps in preparing by educating yourself, completing budget and financial plans, and start managing your money wisely.

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