People are living longer: Life Expectancy at Birth

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900</td>
<td>46.3</td>
<td>48.3</td>
</tr>
<tr>
<td>1950</td>
<td>65.6</td>
<td>71.1</td>
</tr>
<tr>
<td>1980</td>
<td>70.0</td>
<td>77.4</td>
</tr>
<tr>
<td>2010</td>
<td>75.7</td>
<td>80.8</td>
</tr>
<tr>
<td>2015</td>
<td>76.4</td>
<td>81.4</td>
</tr>
<tr>
<td>2020</td>
<td>77.1</td>
<td>81.9</td>
</tr>
</tbody>
</table>

More People are Living Longer

*As of July 1, 2012
The Longer You Live…
the Longer You Live

50% Chance of living beyond

Male (age 65) 85 92

25% Chance of living beyond

Female (age 65) 88 94

50% Chance of living beyond

At least one person has a:

Coupel (both age 65) 92 97

25% Chance of living beyond

Source: Transactions of the Society of Actuaries, Annuity 2000 Table for Males and Females
People are Spending More Years in Retirement

Accumulation Stage

Expenditure Stage

Source: Neal Cutler, Ph.D., Presentation, *Boomers as Consumers*, Philadelphia, March, 1999
Aging is a Women’s Issue
Women Retirement and the Extra-Long Life

• Examined mature women’s retirement related thinking in the context of the extra challenges women face

• National survey of 1,007 pre-retirees and retirees (age 50–70) conducted by Harris Interactive, plus 50 interviews

• Partnered with Scripps Gerontology Center, Miami University of Ohio
Longer lives, longer retirements

• Women (and men) have retired or expect to retire at age 62 on average.

• Women in the study can expect to have retirements 16% longer than those of the men (22 years vs. 19 years).

Aging Solo

• Women are more likely than men to age solo (widowed, divorced, single)
  – 42% of women age 65 and older are married vs. 72% of men.
  – 41% of all older women are widowed; Outnumber widowers by four to one.
  – 14% of women age 65 to 74 are divorced, compared to one in ten (10%) men

The Costs of Health Care

• Over the life course women have significantly higher health care expenditures

• After childbearing years, more than half of women’s higher lifelong expenditures ($361,192 vs. $268,679) is explained by their longer lives

Long-term Care (Caregivers)

• Women are more likely than men to both provide and receive long-term care in later life
• Two-thirds (67%) of caregivers of adults age 50+ are women
• Effects on working caregivers

The MetLife Study of Women, Retirement, and the Extra-Long Life

Estimated Impact of Parental Caregiving on Women’s Lost Wages and Social Security

<table>
<thead>
<tr>
<th></th>
<th>Labor Force Exit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lost Wages</td>
<td>$142,693</td>
</tr>
<tr>
<td>Lost Social Security Benefits</td>
<td>$131,351</td>
</tr>
<tr>
<td>Lost Private Pension</td>
<td>$50,000</td>
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<tr>
<td>Total Impact</td>
<td>$324,044</td>
</tr>
</tbody>
</table>

Long-term Care (Care Receivers)

• After 65, women spend about 30% (vs. 20% for men) of their remaining life in a “state of chronic disability”
• More likely to use formal long-term care services
• Purchased long-term care averages $124,000 (vs. men, $44,000).

Work Histories and Income Disparities

• Average retirement income sources: women $21,519. vs. men $37,509

• Women must cover more expenses, over a longer time, with fewer resources.

An Extra Long Life Means an Extra Long Retirement

- Women understand more than men do that they will live a long life,
  
  ~ however ~

- They expect to retire at about the same age as men...but can expect to have retirements 16% longer than men

- They will have some surprises, with 1 in 4 reporting a change in their planned retirement date

Women – More Concerned than Men About Retirement

• 54% (vs. 44% of Men) concerned about outliving retirement income
• 71% (vs. 62% of men) concerned about being able to afford health care
• 71% (vs. 63% of men) concerned about providing for their own or their spouses’ long-term care

Yet...Men Rank Higher in Retirement Preparation

*Is it the Confidence Factor?*

- More men take charge of household finances (61% vs. 34%)
- Women spend fewer hours in information gathering (58% vs. 45%)
- Women are less likely to “do the math”
- Men are more likely to say they would have started saving sooner (32% vs. 23%)
- Women are less likely to estimate retirement income (55% vs. 65%) and expenses (44% vs. 58%)

A Retirement Journey

WHAT TODAY’S WOMAN NEEDS TO KNOW AND DO
The New Retirement Journey

November 2010
Financial mistakes women make

• Not making finances a priority
• Not figuring out how much money she will need
• Not realizing she may end up living on her own some day
• Not saving for retirement because she helps everyone else first – including children and grandchildren
How well are they packed for the journey?

Prior Generation
- ✓ Spousal Social Security benefit
- ✓ Private pension
- ✓ Private health insurance
- ✓ Medicare
- ✓ Mortgage-free home

Current Generation
- ✓ 401(k) or IRA savings
- ✓ Social Security
- ✓ Medicare
- ? Pension
- ? Private health insurance
- ? Mortgage debt
- ? Other debt
Challenge: the job switch

- Look for pension, 401(k), health, life and disability insurance
- Vest before you leave
- Don’t spend 401(k) savings
Challenge: time out for family

- Factor financial consequences in with the emotional ones
- Consider impact on job skills, contacts, benefits
- What happens in the event your spouse becomes disabled or you divorce?
- Don’t stop saving for retirement
Challenge: deciding when to retire

• Working longer allows for…
  – More time to save
  – Higher Social Security benefit (up to age 70)
  – Fewer non-working years to finance

• But don’t assume you can work longer
  – Health, family illness, lack of job opportunities could surprise you
  – Protect yourself by saving and having the right insurance
Challenge: deciding when to retire (cont’d.)

• Impact on Social Security benefits
  – Will you get your own retired worker benefit or a spousal benefit?
  – Find out how different retirement ages affect your monthly benefit
  – Request benefits estimate statement from Social Security Administration
Learn investment basics

• Key questions
  – How much will you need?
  – How long do you have between now and retirement?
  – How comfortable are you with financial risk?
Protect assets

• Disability insurance
  – To replace portion of income due to health or injury-related job loss

• Long-term care insurance
  – To help pay for expenses like in-home care, assisted living, or nursing home
  – Medicare does not cover most long-term care needs

• Life insurance
  – If your income plays a major role in family finances
  – To help leave a legacy

• Health insurance
Consider annuities

• Pay a lump sum upfront for payments over your life or for a certain period
• Types include:
  – Life
  – Joint and Survivor
  – Life annuity with payments guaranteed
• Watch for new products to emerge
20s and 30s

20s
- Check out job benefits
- Get into habit of saving
- Start retirement saving
- Strive for a debt-free life

30s
- Keep saving, focus more on investing
- Keep debt in control
- Do an insurance checkup
40s
- 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

50s
- Revisit retirement savings goal
- Take advantage of higher contribution limits
- Look at how you are investing 401(k) and IRA assets
- Do an insurance checkup
60s and 70s

60s
✓ Consider your retirement spending strategy
✓ Compare pension payout options
✓ Consider your health
✓ Consider options if you can’t afford to retire

70s
✓ Start withdrawals from traditional IRAs by age 70 ½
✓ Start Social Security benefits at 70 if you delayed them
Bottom line

• Know what luggage you’ll need for the trip
• Don’t wait too long to pack