Prepared Statement
Women’s Institute for a Secure Retirement/National Education and Resource Center on Women and Retirement Planning

Administration on Aging Listening Forum
Alexandria, Virginia
February 25, 2010

We commend Assistant Secretary Kathy Greenlee and the Administration on Aging for convening these listening sessions and we are honored to have the opportunity to participate and share our issues with the aging network.

Introduction
The Women’s Institute for a Secure Retirement (WISER) is a non-profit organization whose mission is to improve the long-term financial security of all women through education and advocacy. WISER provides women with the crucial skills and information they need to improve their economic circumstances. As the only organization to focus exclusively on the unique financial challenges that women face, WISER supports women’s opportunities to secure adequate retirement income through its research, training workshops, education materials and outreach. WISER operates the National Education and Resource Center on Women and Retirement Planning under a cooperative agreement with the U.S. Administration on Aging.

Background
As the statistics show, women live longer and consequently need more income. They also need to make the best financial decisions because they can least afford to make mistakes with their money – and if they are married, they need their spouses to make the best decisions as well. Multiplying the financial problems of today’s older women are the fast approaching millions of boomer women who are nearing the full retirement age and who are expected to eventually double or possibly triple the majority of those who are age 85 and older.
Women face a host of obstacles that jeopardize their economic security in retirement. Women living longer means they need more income. But this is difficult because generally, they earn less throughout their lifetimes. Caregiving responsibilities cause them to work part-time and/or spend years out of the job market. Fewer years at work means that they are less likely to be eligible for employer retirement benefits and, combined with lower pay, means smaller Social Security benefits and lower savings. Older women are much more likely to live alone, which also increases the likelihood of poverty.

Divorce is especially pernicious for women’s financial security in retirement. Most women (and many lawyers) fail to take the appropriate action during the divorce proceedings to secure their rights to retirement benefits. What’s more, women who are married less than 10 years are not eligible for spousal Social Security benefits. The average length of a first marriage is eight years.

Even older women who seem to be financially secure are at risk. Elder financial abuse is a growth industry and predatory practices cost Americans billions annually. It robs elderly women of precious assets and often puts their home ownership - at risk.

**The Story Stays the Same**

Media articles over the past year have highlighted the elderly as a key class of those who went back to work but who have become jobless as a result of the economic crisis. Unfortunately, this is not new news. For more than a decade, hundreds of thousands of women in their 60’s have been forced to stay in the workforce because they lack sufficient money to retire. We have heard from and about women in their 60s, 70s, and even 80s who struggle to keep their jobs as they cannot survive on their Social Security benefits alone. The current grim economy will likely make keeping jobs for older workers even harder to come by for years.

At the same time we hear about the loss of jobs, we read in the mainstream media that working longer is the solution to drained retirement savings. But working longer isn’t a realistic option for many people for reasons aside from the lack of jobs, there is the issue of poor
health, or in the case of many women, providing care for a spouse, a mother, or mother-in-law prevents them from paid work.

**Lack of Financial Knowledge**

There is ample evidence that Americans lack financial knowledge, and that low financial knowledge is correlated to a lack of planning. The trend over the last three decades away from traditional retirement plans has meant that all participants have had to assume new responsibilities in making more complex retirement decisions. We find that many people are ill-prepared to be making what we term life-defining decisions. Therefore, financial education for all Americans — women and men alike — is an ever-growing need that requires more resources. A study from the Wharton School has shown that lack of financial knowledge prevents people from even doing the most basic retirement planning.

The most basic planning information would have helped Ms. Hazel Shoyrer make the best decisions before she left her job at age 62 after 30 years of service. She needed to know that she would not be eligible for Medicare until she was age 65 and that taking Social Security at the earliest age would cause her to lose 20 percent of her Social Security benefit. Ms. Shoyrer enjoyed her work and was not forced out. However, co-workers convinced her to go when she reached the earliest retirement age. A series of health events meant that she had to use her life savings and she is unlikely to ever recover financially.

So while many retirement decisions are straightforward, many pre-retirees do not have access or help to make such major life-defining decisions. Stan Hinton, a twenty-year financial writer for the *Washington Post*, began to write a retirement journal column soon after he retired. He realized that while he had been writing about finances for decades, he was ill-equipped to make his retirement decisions when he left his job and that he had made mistakes that hurt him financially because *he just didn’t know*. Those mistakes included convincing his wife to waive her right to the survivor benefit. If a financial journalist did not know the importance of
making that decision obviously this is an important issue for those who are moderate income who cannot afford to make such a mistake.

**Why Women Need to Be Better Prepared**

Another consequence of living longer is that women have even greater concerns about the risks of outliving their income; they have a more difficult challenge trying to stretch their savings throughout their retirement years. The evidence also indicates that they need to be better prepared for the future or they could live out their lives in a precarious financial position. While today’s elderly women, those age 75 or older are nearly twice as likely as aged men to live in poverty, many of these women were also part of a generation that did not divorce, saved more and spent less, and had far less debt than the boomer generation.

So we need to be concerned that many boomer women will not be better off today than their mothers’ generation. The trend toward increased responsibility for individuals to accumulate and manage their own retirement income means there is a greater out-of-paycheck payment for both health benefits and for savings plans such as 401(k)s and 403(b)s. At the same time, experts caution boomer women that they will need even more money for their retirement—one study advises at least 130 percent of pre-retirement income for women. One relevant example of neglecting future planning is the basic cost of Medicare premiums and how to pay for medigap insurance – lack of knowledge about the income needed to make these payments and have insurance protection can further erode retirement security.

**Addressing the Problems : The National Education and Resource Center for Women and Retirement Planning**

The National Education and Resource Center for Women and Retirement Planning is dedicated to providing women with actionable information to protect themselves from poverty. The Center provides core financial knowledge that encourages women to make retirement planning a priority in their lives leading to a more financially secure retirement. In particular, our efforts are targeted to moderate and low-income women, minority women and women of limited
English speaking skills. These latter groups are most vulnerable to an impoverished old age, are harder to reach by the typical message mediums, and are most in need of accessible and culturally relevant educational materials.

The Center’s approach is to bring financial planning back to the basics. Our goal is to help women make the best decisions they can with the limited resources they may have. We educate them on the risks of longevity, inflation, and lifestyle changes. We train-trainers who assist women in their communities. We explain the hard reality of having to adjust living standards to live within their means and to find resources in their communities that they may not be aware of.

Before the economic crisis, the women we reached were often confounded and intimidated. If they were following any advice, it was from a co-worker or a family member— not the best basis for making life-defining decisions. Now many are in a state of panic. They want someone to help guide them to do the right thing.

The Center has directly reached tens of thousands of women through our workshops, our partners’ workshops and we’ve reached millions with our publications and website. We have established 15 strategic partnerships to streamline access to information and ensure widest possible dissemination of educational material to at-risk groups; for instance, our AAA partnerships mean that our materials are included at many community events. In a single quarter, this can mean thousands of our materials disseminated by a single agency. However, we need help so that we can reach more agencies and we hope that working together will accomplish that goal.

The Center has a Business Advisory Council and receives help in disseminating through the Financial Services Roundtable website as well as the American Council of Life Insurers and several individual companies. Again, our efforts would be greatly aided by the involvement of the Assistant Secretary speaking at an event or roundtable to bring attention to the Center and the unique situation of older women.
Many other partners—employers, business and trade organizations, aging and women’s organizations and community-based groups help spread our message and disseminate our materials. WISER’s staff has published booklets with the Actuarial Foundation, including our most popular, “Seven Life-Defining Financial Decisions.” We also work with other federal agencies, including the Department of Agriculture’s Cooperative Extension Service, the Department of Labor, and the Social Security Administration.

Conclusion:

The National Resource Center is relevant, important and often transformational in the lives of at-risk women. The project’s emphasis is helping women avoid financial exploitation, poverty and to mitigate individual financial mistakes that in the aggregate would intensify already overwhelming pressure on government support systems. The impact of these efforts can be felt at several levels – partners have the tools and information that the Center produces to engage with at-risk women on these issues and individual women are better equipped to protect themselves financially.