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More time out of workforce makes women less confident, less prepared for retirement

by SARAH SCHAALE

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Women are more insecure than men about being financially ready for retirement, and rightfully so, to judge by a clutch of surveys released this week.

Women are less confident in their ability to prepare for retirement, with 54 percent being "frightened" by the idea of putting their savings in the market, according to an annual retirement survey from Wachovia Corp., which was conducted by Richard Day Research in Evanston.

With women "there's this fear of loss or doing something wrong or irreversible," said Roch Tranel, a certified financial planner and president of Tranel Financial Group in Libertyville. "Women worry they will be a bag lady, and I never hear men mention that."

In fact, women do face greater economic uncertainty than men and retire with less savings, according to a report Wednesday by non-profit Women's Institute for a Secure Retirement (WISER). One factor is that women spend more time out of the workplace to care for family.

"There's this motherly pull that's pretty tough," Tranel said. "I would guess that a lot of women would be at home and be the mother if they could financially afford it."

Still another survey, by jobs Web site CareerBuilder.com, found that 43 percent of working moms would take a pay cut if it meant they could spend more time with their families, and just over half said they would leave their job if their significant other made enough to support the entire family.

Mary McGrath, a certified financial planner at Cozad Asset Management in Champaign, said women struggle with retirement because taking time out of their careers to raise children means they can't accumulate as much.

"They aren't thinking about the effects of that 30 years down the road when they go to retire," McGrath said.

Family responsibilities factor into women's spending an average of 12 years less in the workforce, according to the WISER report. In addition, women on average live five years longer than men and bank lower lifetime earnings. The study said women earn 77 cents for every \$1 a man does and have a median retirement income that is 58 percent of men's.

For those reasons, women could benefit from being more aggressive, Tranel said. In his experience, he said, it is men who are more confident and willing to be more aggressive investors, whereas women are often more conservative.

McGrath agreed, and said that even if women don't want to be aggressive, they should still be involved, even if their husband manages their money.

"Statistically, the woman is more likely to be the one alive at the end of retirement," McGrath said. "If money's run out, it's more likely to run out in her lifetime than his lifetime."

But Betsy Donofrio, a client of Tranel's, said her family is the opposite. Having spent 20 years in the mortgage industry, she was confident in taking on her family's financial matters, and said she doesn't worry about her and her husband's retirement, a comfort she said is empowering.

"I'm surprised by the number of women who let men do it," the Elmhurst resident said.

Donofrio, 49, stopped working for a little less than two years when she and her husband began their family, a transition that required preparation even though she planned to return to work.

"I could see what we could and couldn't do, but I knew it wasn't going to be forever," Donofrio said. "It just doesn't work, at least in our family."

Tranel said it's possible for all women to have the same financial confidence, even in retirement planning. He said women tend to be better communicators and better at building relationships, qualities that make them good investors.

"I think fear is a big part of it," Tranel said. "Many just don't know where to get started. There's no reason there has to be a difference."

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