

Five Financial Fundamentals Impacting Women

While many of the fundamentals of managing money are universal, there are important factors that impact women disproportionately, making them important to keep in mind as they plan for the future. This starts with longevity, often the underlying factor on how much money is needed for a comfortable retirement. Since women are more likely than men to live longer, with a statistically good chance of living into their mid-90s, they need to build a retirement nest egg that can last, taking into account five financial fundamentals that often require women to plan differently:



1. Longer lives mean more years to enjoy, but requires anticipating more expenses in retirement, especially higher health care costs. Yet 43% of women report not knowing how much they'll need to pay for health care¹. Fidelity estimates a 65-year old woman retiring in 2020 will need at least \$155,000 to cover health care costs in retirement. That's an increase of 18% in the last 10 years². It doesn't include the cost of long-term care, which many women may also need to consider.



2. An estimated 75% of caregivers are women³ – which can mean decreased long-term earning potential and retirement savings. While caregiving is a role that brings joy and fulfillment to so many, it can also require special planning when a need arises to take time out of the workforce: first for children, then aging parents, and then an ailing spouse. Even a short career break can have an impact that adds up over the long term, so it's important to have a plan in place to keep savings on track.



3. Fidelity research finds more than half of women are keeping \$20k or more sitting in cash, over and above retirement and emergency savings, instead of investing. (More than a third have \$50k+ in cash, and 20% report having \$100k+.)⁴ In today's low interest rate environment, that can mean savings is actually losing value, as it won't keep up with inflation. **Investing outside of retirement** can be a powerful way to add growth potential and help provide financial flexibility in the future.



4. Many women are faced with circumstances that may lead to early retirement, so planning ahead is critical to ensure they can cover any gaps between health insurance, Medicare and Social Security benefits. Yet at the beginning of 2020, less than half (47%) of Boomer women, those closest to retirement, said they had a plan in place to help them reach their retirement goals⁵.



5. Because women are likely to live into their 90s, Social Security is often a critical component of retirement income. Understand **Social Security** eligibility to claim maximum monthly benefits. Choosing when to elect the initial benefit can permanently impact how much is received monthly. Fidelity's [Social Security Calculator](#) provides an options overview.

For more, visit [Fidelity's Women Talk Money video series](#) for additional insights and action steps to help address these key factors that make planning unique for women.

Keep in mind that investing involves risk. The value of your investment will fluctuate over time, and you may gain or lose money.

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1. Engine Group Caravan Survey of 501 men and 501 women age 18 and older. December 2019.

2. Fidelity Investments 2020 Retiree Health Care Cost Estimate, June 2020. Estimate based on hypothetical woman retiring in 2020, 65-years-old, with a life expectancy that aligns with Society of Actuaries' RP-2014 Healthy Annuitant rates with Mortality Improvements Scale MP-2016. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, Original Medicare. The calculation takes into account cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by Original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

3. Aging in America, Institute on Aging, 2018

4. Fidelity Investments Women and Investing Study, November 2018

5. Engine Group Caravan Survey of 501 men and 501 women age 18 and older. December 2019.