

Gender Pension Gap



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We are all familiar with the gender pay gap, the wage disparity between men and women, where on average women are paid 20% less than their male counterparts¹, but the disparity doesn't stop there. This continues into retirement where women retire with 30% less retirement income² than men.

So, how does the gender pay gap affect savings and retirement planning? Lower wages directly relate to lower retirement contributions and result in less money to live on in retirement³.

Other factors that contribute to the pension gap include:

- Women live longer than men which means retirement savings are stretched over longer periods⁴.
- Women are more likely to take leave from the workforce to care for children, aging parents, or other family members⁵.
- Female caregivers under 50 have 30% less retirement than female non-caregivers⁶.

Identifying the problem is only the first step, we must take action in order to rectify this disparity. Employers must enact policies to close income gaps among its male and female employees. Women must also do their own research to make sure they are being adequately compensated by using websites such as Glassdoor to provide salary insights, talking to others in the field about wages, and actively negotiating better pay.

Women should also be vigilant in saving for retirement by:

1. Starting early. Only 39% of adults begin saving for retirement in their 20s⁷. Women do not have the luxury of waiting until their 30s to start retirement savings. Saving early means your money can work harder for you.
2. Taking full advantage of workplace retirement benefits by paying attention to company match.
3. Opening an Individual Retirement Account (IRA) and start putting money away, especially if a workplace plan is not available. Individuals are not bound only to company sponsored retirement accounts. An IRA is easy to set up and allows you to save for retirement on a tax-deferred basis.

The pension gap affects women of all income levels and we must be proactive in our planning to make sure we are able to retire with dignity.



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