The wage and lifetime income gaps between men and women continue to present unique challenges for women preparing for retirement. But small steps like being intentional about spending and savings can help women improve their finances and level the financial playing field in their own lives. We’ve prepared a three-step checklist to help position women for a more secure and fulfilling retirement.

“In a nutshell, women’s lower salaries, plus lower contribution rates, equals lower retirement account balances.”
– Judith Ward, CFP®, Senior Financial Planner

1. **Set the foundations of financial empowerment.**
   - Create and implement a spending plan

2. **Get saving with confidence.**
   - Automate saving and increase financial literacy

3. **Plan for and visualize your retirement.**
   - Consider the nonfinancial aspects of retirement
Set the foundations of financial empowerment.

Sticking to a budget—or the more appealing “spending plan”—provides a framework to track your expenses and reach your savings goals. Once you understand where your money is going, you can find opportunities to reduce expenses and increase your retirement savings. Also, many women identify risk aversion as an obstacle to their financial success. Creating an emergency fund that can cover three to six months of expenses can help manage risks and keep your retirement savings on track.

Get saving with confidence.

You know you need to save for retirement, but tackling a huge savings goal can feel intimidating. If you’re not able to immediately put away the ideal 15% of your salary, start with a lower number like 6% and increase it by two percentage points each year.

If your life experiences haven’t included significant exposure to investing and financial markets, it can be motivating to increase your financial knowledge. Try podcasts, finance blogs, or personal finance books to raise your financial literacy level. If you’re married or partnered, it’s important to communicate your shared financial goals and how you plan to achieve them. Staying on the same page will help you avoid obstacles as you grow your retirement savings over time.

Plan for and visualize your retirement.

Women face competing priorities on their way to saving for retirement since they tend to take on more roles than men. If this sounds like your situation, it’s important to be flexible and keep your retirement savings on track. If you’re relying on your partner’s income for the household, it may make sense to consider a spousal individual retirement account (IRA), which allows a nonworking spouse to set aside money for retirement based on a working spouse’s wages.

At some point in retirement, most women will be solely responsible for their finances, by choice or otherwise. Our research found that within the first five to 10 years of retirement, one-third of women were either widowed or divorced compared with 17% of men. Coordinate when to start taking Social Security benefits to maximize the amount for a surviving spouse (who are usually women).

Remember to think about and discuss the nonfinancial aspects of retirement. Consider questions like: How will you spend your time? Where will you spend it? What will give your life meaning?

Preparing for retirement is a complex, multistage process, and with lower salaries and a longer life expectancy than men, women are starting behind and have a longer race to run. But there are ways for them to close the gap in preparing for a stable retirement:

1. Budget, pay off debt, and maintain an emergency fund to keep savings safe.
2. Pay yourself first and automate, get financially savvy, and communicate with your partner.
3. Prepare for and coordinate life changes with your partner, plan your benefits, and visualize the nonfinancial side of retirement.

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1 Source: T. Rowe Price Retirement Savings and Spending Study (RSS4), 2018.

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