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Women Face 6 Challenges On The Road To Retirement

▶ From their greater longevity to their higher likelihood of critical illness, women face a number of hurdles in retirement readiness. Here is how life insurance can ease the way.

By Michelle Miller

A recent LIMRA study found that women represent a valuable and loyal client base for advisors. Yet, more could be done to enhance these relationships.

According to LIMRA's report, "The Road Ahead: Building Female Client Relationships to Last," part of the key to serving women better is "to better understand the distinct differences between female and male clients."

Much has been written about the fact that women, in general, live longer than men, and that their greater longevity

often has a profound impact on their financial futures. Here are six other unique retirement challenges of women, along with actionable pointers on how to help address each issue.

Challenge No. 1: Women are less confident than men are about retirement.

A separate LIMRA report, on retirement attitudes by generation, relayed that women of all ages are less confident than men are about knowing what their retirements will look like. Only one-third of women said they are confident about their retirement, compared with 53 percent of men.

Drilling down deeper, the report revealed that only 6 percent of Generation X women "strongly agree" they are confident they will achieve their desired retirement lifestyle. As LIMRA pointed out, "Gen X women, in particular, could benefit from retirement planning activities

that boost financial decision-making confidence."

Response: Ramp up educational outreach to female clients.

Help women make the most of free retirement and protection planning resources that are designed to assist them in viewing and navigating the road to retirement. Interactive online tools and handy calculators provide opportunities to engage and inform. In addition, carrier-provided resources — to help approach planning needs from the different perspectives of each generation — are available to support outreach to female clients.

Challenge No. 2: More women than men are underinsured.

LIMRA recently found that only 56 percent of American women have life insurance coverage. This level remains

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well below men's ownership rate of 62 percent.

Response: Help women realize they need more life insurance.

Check current client files and during your customer annual review, point out specific opportunities you see for additional life insurance coverage. A husband may be insured, but his wife may not be. Also note whether a female client may have added to her family, gotten divorced, or started or closed a business since purchasing a policy.

A woman who purchased an affordable term life insurance policy and then experienced an improvement in her financial position may welcome a solution that offers even greater flexibility. A term policy may be eligible for conversion to a permanent life policy without evidence of insurability. Women may have a better opportunity to lock in lower premium rates on a permanent life policy by purchasing it sooner instead of later.

Challenge No. 3: Women prioritize other needs over retirement saving.

Women are less likely than men to make retirement saving a priority, according to a LIMRA report on retirement attitudes by generation. Two-thirds of men agree that saving for retirement is important, but only half of women concur. This may be in part because many women prioritize family needs above their own individual needs.

But, as a Department of Labor blog shared recently, "Women stay at jobs for shorter periods of time, work part-time more frequently, and are more likely than men to interrupt their careers to raise children or take care of family members. As a result, women work fewer years and contribute less toward their retirement."

Response: Introduce solutions designed to build cash value.

Help female clients consider multipurpose financial products that are designed to provide utility and build cash value as well as offer preferred tax treatment, based on current tax law. Always tell clients to consult a qualified tax expert when considering their own situation, however.

Review indexed universal life (IUL) insurance solutions that are structured

for volatility control as well as robust accumulation and to offer upside potential based on market performance. Keep in mind, too, that a variable universal life (VUL) insurance product may be appropriate for some women.

Challenge No. 4: Women face greater retirement income dilemmas than men do.

As the National Institute for Retirement Security explained in a recent report ("Shortchanged in Retirement: Continuing Challenges to Women's Financial

Furthermore, a recent HealthView Services report reveals that projected long-term care costs for a woman who turned 55 in 2016 and will spend 2.19 years in a nursing home sometime between the ages of 85 and 89 are nearly \$695,000.

Response: Raise awareness of financial solutions for care.

Explain the differences between long-term care (LTC) insurance, LTC riders on life insurance, and chronic illness riders on life insurance. LTC policies and riders may be cost-prohibitive or too

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Future"), the median income of women age 65 and older is consistently 25 percent lower than the median income of men of the same age. Furthermore, for those ages 80 and above, the gap widens to 30 percent.

Response: Inform women about multiple retirement income products.

Help female clients plan early on to leverage retirement income products such as annuities. But also keep in mind that some life insurance solutions allow the policy owner to elect to receive guaranteed withdrawal benefits when the terms of the contract's rider are met.

As the client's needs may change, consider solutions that will also allow her to surrender the policy and receive up to 100 percent of the premiums paid (although some limitations and restrictions will apply).

Challenge No. 5: Women are more likely than are men to need long-term care.

More than two-thirds of nursing home residents and more than 70 percent of people who receive long-term care in a residential care community are women, according to the U.S. Department of Health and Human Services.

restrictive for some women, especially given the requirements to incur expenses and submit receipts for reimbursement.

Chronic illness riders on life insurance pay when the insured qualifies under the rider terms; receipts for long-term care or other expenses are not necessary and the benefit can be used for virtually any purpose. No longer do all chronic illness riders require the insured's medical condition to be permanent in order for the insured to collect benefits.

Challenge No. 6: Women are more prone to disability and critical illness than men are.

Stroke is a leading cause of serious long-term disability in the U.S., and each year more women than men have a stroke, according to the National Stroke Association.

And stroke is not the only affliction that affects women worse than it does men. Heart attacks also harm women more than they do men. After a heart attack, women are less likely than men to receive drug therapies that are known to improve survival rates, according to the Women's Heart Association. This contributes to a higher rate of complications after heart attacks in women than in men, even after adjusting for age.

On average, within six years of a heart attack, 46 percent of women (compared with 22 percent of men) are disabled with heart failure. The financial consequences of disability and critical illness can be dire for women.

Response: Help protect women against these contingencies.

Options abound for female clients to guard financially against many types of costly health care crises. Solutions range from standalone disability and critical illness insurance policies to modestly

priced life insurance products that offer built-in critical illness protection and available disability income riders. Ensure that women know their risks and how to mitigate them.

Easing the Way

The issues and potential solutions described above are not meant to be all-inclusive, as women face a plethora of challenges with retirement and protection planning. And, just as with male clients, every female client is different. One thing is clear, however. Research shows

that women tend to traverse a rockier road to retirement. Understanding their unique needs and priorities is a key first step in smoothing their way to a more secure future. 

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