

Retirement

Women: Get that head start



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Don't procrastinate when it comes to building your retirement savings

NEW YORK (CNNfn) - Is it harder for women to create, sustain and grow their nest egg than it is for men?

Women face more challenges than men when saving for retirement. They are also more likely than men to find themselves facing old age without enough money to live out their lives, according to the Washington-based Women's Institute For a Secure Retirement.

Nearly 75 percent of all women worry about outliving their resources. Women generally live longer than men, so they need more money to retire. But often they have less, and therefore may need to get a head start on an early savings strategy.

When Rainey Voellinger is not running a management consulting team, she's brainstorming ways to make her future retirement more financially secure. And she has no illusions about how much planning it will take to avoid running out of money.

"I see that if I don't save my money now and invest it wisely and take care of myself health wise, that definitely could be an option. I could get ill," she said.

Voellinger estimated that she'll need more than a million dollars of savings to support herself for life, living at home.

Women over 70 twice as likely as men to live in poverty.



In fact, the census bureau statistics indicate that women over 70 are more than twice as likely as men to live in poverty.

According to Cindy Hounsel, the Institute's executive director, women spend less time in the work force, and hence, are less likely to earn a pension.

"They also earn less money than men do. They leave work to become caregivers to older parents, in-laws, younger children, and grandchildren."

Financial advisers recommend protecting savings with long-term care insurance. As Dixie Butler, a certified financial planner with U.S. Advisors pointed out, "The retirement stream of income that you worked so hard to save can quickly disappear in a matter of months if you had to go into a nursing home and did not have insurance, long-term health care to pay the bills."

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So what do women need to do to ensure financial security and independence for themselves now and in the future? Don't procrastinate. Start saving regularly, even if you can only afford a small amount from each paycheck.



Putting \$100 aside every month, starting today, at 8 percent interest, can result in an accumulated wealth of nearly \$35,000 in fifteen years. But if you wait five years to start that same investment, you would accumulate only half as much.

"The more time you have on your side, the larger your pot is going to be at the end of your time horizon," said Butler. ■

--Compiled by Parija Bhatnagar

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