



FOUR IMPORTANT QUESTIONS TO ASK WOMEN ABOUT THEIR RETIREMENT PLANS

Statistically, [women live longer](#). They also are more likely to [take breaks during their working years](#) to care for children or family members. Could this change how they plan for retirement? The short answer is—yes.

Women may need a different plan to create a successful retirement. Why? Women often have gaps in outside work, creating periods when they are not contributing to an employer plan, such as a 401(k) and Social Security. They also may reduce work to help care for family members.

How can a financial professional help? Here are four questions that might guide planning decisions.

1. Does the plan allow the client to keep saving, whether or not they are working?

It is more likely that a woman will take time off during her working years. No work means no employer retirement plan. Here are some options:

- [Spousal IRA](#)—If a spouse has earned income, the spouse can contribute to a spousal IRA. Depending on other traditional IRA assets, a backdoor Roth IRA can create tax-free income for those retirement years.
- Additional savings—If retirement saving is the goal and there are other liquid assets, [a tax-deferred annuity](#) can add more savings than an IRA alone. But, like an IRA, there is a penalty for accessing the funds before age 59½.

- Social Security boost—If there are not 35 years of earnings, the Social Security benefit can be affected. For some clients, adding [guaranteed future income](#) to the plan may complement their existing benefits. Additionally, any income that replaces a zero or low-income year can help make up for breaks in work history.

2. Does the plan have a good longevity hedge?

Women tend to live longer. That means planning for a longer retirement. [Waiting to claim Social Security](#) retirement benefits can provide a higher cost-of-living adjustment (COLA) longevity hedge. But that means either working longer or creating a plan for a Social Security bridge. Some options for creating a Social Security bridge are:

- [One claims strategy](#). If it is a couple, typically the person with the lower benefit might claim Social Security benefits, and the other person would delay. One Social Security benefit may provide the cash-flow needed for the bridge years. The higher Social Security benefit will go to the survivor of the two.

- [Payout annuity](#). A Period Certain payout annuity can provide income for the specific years. If nonqualified assets are used, the [exclusion-ratio rules](#) can provide tax-advantaged cash flow. There is a trade-off: the funds are no longer liquid. Be sure the client understands these limits.
- Deferred annuity with income protection. Some deferred annuities offer additional benefits that protect income. The client might use the protected income benefit for a Social Security bridge, then stop or reduce those distributions when he or she claims Social Security. The remaining assets can provide a hedge for later-life income.

3. If the client is filing a joint tax return, does the plan address the widow/widower expenses?

If a client is married, he or she is likely filing a joint tax return. This means that taxes are based on the [Married Filing Jointly brackets](#) and their [higher thresholds for government benefits, such as Medicare](#), are higher. When the first one dies, the survivor often finds that the same (or similar) income means higher income taxes and additional Medicare premiums. For some clients, having tax-free income from a [Roth IRA](#) or tax-advantaged income from a payout annuity may help.

4. Is there a monitoring plan in place to address changes?

For women, it can be especially important to review and adjust the plan. As an example, either a decision to stay home with children or a decision to start a business could mean a plan update is required.

It is important for women to plan using strategies that can improve retirement outcomes. With all the choices available, this is a great opportunity to support a long, successful retirement for more women.

Additional Resources and Links

[Living Longer: Historical and Projected Life Expectancy in the United States, 1960 to 2060](#)

[The Choices Working Mothers Make](#)

[Women.Confidence.Retirement.](#)

[Ages and Stages](#)

For more information about retirement planning,
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VLC2114-0321W

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