

Buntain Wealth Management
Women's Health & Retirement

And the gap widens

Women, health and retirement



Women live longer, make less and often leave the workforce early to care for others. It's an equation that doesn't work in their favour — or leave any room for errors or omissions when it comes to retirement planning.

When we talk to women about their retirement plans, we always emphasize the importance of factoring in the costs of health care.

Why women and not men?

Of course, health care costs affect everyone, and men, as well as women, would be wise to take these considerations seriously. But women bear a heavier health care cost burden, because often, it's not just their own health that needs to be factored in — it's also the people closest to them.

Just as women still take on the majority of the caregiving tasks related to having children, much to the detriment of their own personal wealth, they are also more likely to be the primary caregiver for their elderly parents, parents-in-laws, spouses and even grandchildren— often leaving the workforce early to take on these unpaid responsibilities.

This translates to significantly fewer working years than men — which means less income, less savings, less matched contributions, and less compound interest — particularly considering women are more likely to have already had an interrupted working life if they have children. Subtract from this the overall gender wage gap and the added costs of a higher life expectancy, and you have a completely different retirement scenario for women and men.

In fact, most agree that women should save almost double — 18% of their after-tax income as opposed to the standard 10% often recommended — to ensure their retirement is well-funded¹.

But there are many other things that can and should be considered, particularly for married women — including waiting as long as possible to withdraw from retirement accounts, making use of spousal RSP contributions, pension splitting, and more. The key is having an investment advisor who understands the different math staring down each half of the couple, and plans appropriately for any eventuality. And that planning should start well before retirement is in range to receive optimum tax breaks along the way.

It's a familiar refrain, but it really is true: when it comes to finances, health and wealth, women need to spend as much time taking care of themselves as they do taking care of their loved ones.



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¹ Income Insights Source, October 2016, Gender Gap Retirement, Page 1