Women and Retirement

"A man works from sun to sun, but a woman's work is never done."

A recent poll suggests that more Canadian women than men worry that their accumulated life savings will not be adequate to support them in retirement. And most women have good reason to be concerned. In addition to living longer and requiring a larger retirement nest egg, women generally earn less money and spend more time outside the workforce, raising a family or caring for elderly parents. The good news is that women are more financially tuned than ever before and they tend to make savvy investors. Despite their increased insight, women still need to ensure that their retirement planning needs don't take a back seat to other priorities, such as paying off the mortgage or putting the kids through university.

Regardless of a woman's age or financial situation, it's never too early or too late to start planning for retirement. Here are some tips to help ease your retirement anxiety and gain control:

Start immediately.....The sooner you get your money working for you the more time it has to grow. Small amounts invested on a regular basis can add up significantly over time.

Maximize your annual RRSP contribution.....If you have the money, maximizing your annual RRSP contribution is an ideal way to benefit from additional tax savings and increased investment returns, especially if you got a late start saving for retirement.

Review your company pension plan.....Ensure your employer's pension plan meets your needs. When looking for a new job or considering an offer of employment, research the company's pension plan benefits before signing any agreement.

Avoid debt.....High interest credit card debt is sure to erode your long term financial security. Although "easier said than done" try to avoid the credit trap and put the savings you would have paid in interest toward your retirement.

Beware of borrowing from your RRSP.....Unless you borrow RRSP money for the Home Buyer's Plan or Lifelong Learning Plan you'll have to pay withholding tax. Remember that

these tax-free borrowings will have to be repaid, and preferably sooner rather than later, to retain valuable compounding time.

Understand risk.....Women tend to invest less aggressively than men, as a defense against the short-term risk of market fluctuations. But investing too conservatively can hurt your investment return potential and leave you vulnerable to more serious long-term risk: the loss of purchasing power due to inflation. A well-diversified investment portfolio; balanced between equity investments and fixed income investments, is likely to deliver the best returns over the long term.

Seek professional advice.....Studies show that women who work with professional advisors or planners achieve superior financial performance compared to women who invest by themselves. Choose an investment professional, who takes the time to understand your individual investment needs and works in your best interest.

As a woman, it is unrealistic to depend on governments, spouses or children for financial assistance in your old age. The best guarantees for your secure retirement are the ones you create for yourself.

Source: Credential Asset Management Inc.