What Today's Woman Needs to Know

A Retirement Journey

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the Women's Institute for a Secure Retirement

in conjunction with

MetLife Mature Market Institute®

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MetLife Mature Market Institute
57 Greens Farms Road
Westport, CT 06880
(203) 221-6580 / Fax (203) 221-6573
MatureMarketInstitute@metlife.com
www.maturemarketinstitute.com

WISER

The Women's Institute for a Secure Retirement works to provide low and moderate income women (aged 18 to 65) with basic financial information aimed at helping them take financial control over their lives and to increase awareness of the structural barriers that prevent women's adequate participation in the nation's retirement systems.

WISER
1725 K Street NW, Suite 201
Washington, DC 20006
(202) 393-5452 / Fax (202) 393-5890
info@wiserwomen.org / www.wiserwomen.org

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INTRODUCTION

Women have experienced a lot of change over the decades. The current generation of women is more likely than their mothers' to work outside the home, hold college degrees, and still take time off to care for their families.

While women have more economic opportunity than ever before, it comes with big financial responsibilities. This is especially true when it comes to funding their retirement.

If you think of retirement as a destination, many of our mothers were better-packed for the journey. They had suitcases filled with what they would need: a spousal Social Security benefit, affordable private health care insurance in addition to Medicare, and a deed to their mortgage-free home.

Today, on the other hand, many women will likely travel lighter into retirement. We may have a suitcase with 401(k) and IRA savings, one with a Social Security benefit, and another with Medicare benefits. The bags with pensions and private health care coverage probably won't make the trip. We are also likely to carry mortgage or other debt with us. Our survey shows that today's working women are twice as likely as their mothers' generation to carry debt of $25,000 or more.

Simply put, it's not your mother's retirement. In fact, today's women are redefining retirement, with plans to work outside the home longer than their mothers, and to actively pursue such interests as travel, volunteerism, and higher education.

The MetLife Mature Market Institute and the Women's Institute for a Secure Retirement surveyed today's women and the women of our mothers' generation to find out just how different things are. We explored both the emotional and the financial aspects of preparing for retirement.

The results confirmed the many differences between the generations. Some of them benefit today's women, and some represent new challenges. This booklet provides guidance on how you can take advantage of opportunities — and rise to the challenges — our mothers never had.

CHAPTER 1:
HOW DO YOU AND YOUR MOTHER COMPARE?

When it comes to retirement planning and security, our experiences are likely to be vastly different from the experiences of our mothers.[1] Take a look at some of the differences our survey revealed:

Your mother most likely:	While you most likely:
received a spousal Social Security benefit based on her husband's work history.	will receive a Social Security benefit based on your own work history.
didn't have to save much or know about investing since pension and Social Security benefits didn't require it.	need to save a lot and understand investing to be able to afford retirement, because Social Security alone may not be enough to live on.
generally deferred to her spouse about family financial decisions.	enjoy more equality with your partner with respect to financial decisions.
wasn't inclined to use her home as a financial resource in retirement.	may be more open to options for tapping into your home equity.

Your travel plans in retirement are likely to be much different from your mother's. If you haven't started packing your bags for the journey, it's a good time to start.

CHAPTER 2:
BUILDING BLOCKS TO A FINANCIALLY SECURE RETIREMENT

You'll make many career decisions over your lifetime. You may change jobs to pursue more opportunity for growth, to have the flexibility to manage work and family, or to increase your pay. You may consider leaving the workforce to care for your family. When it comes time to consider retirement, you will face decisions about the right timing based on your circumstances. At every decision point, it pays to consider all aspects and know your options.

The Job Switch

When you consider a job change, you will probably have a laundry list of things that will need to come with it. Don't forget to add employee benefits to your must-have list!

Look for an employer who offers a pension, 401(k) plan, health care, life, and disability insurance. If you decide you want to leave a job with benefits, find out first if you've worked enough years to earn a right to a pension or to the employer match in the 401(k). If it's possible, work long enough to earn that right. If you have 401(k) savings, don't take a withdrawal if you can avoid it; roll them over to the new employer's plan or into an IRA. Keep in mind that when you switch jobs, even a substantial pay increase might not offset the value of the benefits you will lose.

Time Out for Family

You can list a dozen reasons to take time off from work to care for your children or other family members. It's an emotional decision, and it's hard to think about the long-term financial impact when you're facing it. But it's important to consider the consequences.

Leaving work for an extended period could result in a loss of job skills and missed opportunities for promotion. You may lose touch with colleagues who formed your network. You might lose out on building up benefits like vacation days, pension credit, or an employer match in a 401(k). Consider what would happen if your spouse becomes disabled or dies, or if you get divorced. Find out what it will cost to get health care, disability, and life insurance coverage on your own.

If you decide to leave the paid workforce, consider putting money into a spousal IRA. The limit goes up every so often, so check on the amounts. You may be able to deduct your contributions when you file your federal income tax return.

Women often decide that taking time away from paid work is the right thing for their families. Make sure it's the right thing for both you and your family's financial security. If the financial impact seems too great, consider alternatives such as reducing your hours, asking for a flexible work arrangement, or restricting travel. You may find your employer is much more open to these ideas than you think.

Deciding When to Retire

It's clear from our survey that today's working women fully expect to work outside the home longer than previous generations. This is a good thing financially for a number of reasons. Working longer:

- Gives you more time to save
- Increases your monthly Social Security benefit (up until age 70)
- Means fewer non-working years to finance.

We are starting to see a trend among older workers of phasing out of full-time work, rather than hitting a full stop.[2] The decision to work longer often comes from financial resource issues, but also because of personal preferences.

While you may fully expect to work well into your 60s or longer, health problems, the need to care for a chronically ill family member, or lack of job opportunities could get in the way of your plans. While there isn't much you can do to prevent the unexpected from happening, you can take steps that will limit the financial impact of a sudden turn of events. Save as much as you can and have the right kinds of protection products, which we will cover in Chapter 4 of this booklet.

Consider how the timing of your retirement will affect your Social Security benefits. Most of us are covered by Social Security, which pays inflation-adjusted retirement income for life. You may be eligible for your own "retired worker" benefit based on your work history, or if you're married, a "spousal benefit" based on your husband's work history.[3] Early retirement benefits can start at age 62, while "normal" retirement age benefits begin between ages 65 and 67, depending on your date of birth. The longer you wait to begin receiving benefits (up to age 70), the higher your monthly benefit will be. This may be an important consideration if Social Security will make up a significant percentage of your post-retirement income.

Find out how different retirement ages will change your benefit. Refer to the annual benefits estimate statement you get around your birthday each year from the Social Security Administration. You can also request a statement at any time. For a copy of your statement, call 1-800-772-1213, or go online to www.ssa.gov.

CHAPTER 3: LEARN INVESTMENT BASICS

Far more than our mothers ever did, we must focus from an early age on saving and investing for retirement. More people in our parents' generation had access to a pension benefit provided by an employer, but most of us are responsible for building our own benefit, a dollar at a time. Indeed, our survey revealed that if our mothers could give us one piece of advice about retirement planning, it would be to save more.

A good investment plan is built on three key pieces of information: how much you will need to support your retirement lifestyle, how long you have between now and then, and how comfortable you are with taking financial risk. Your answers can drive your investment strategy and how to divide your savings among investments to reach your goal.

How Much You'll Need

Figuring out how much you will need to support your retirement involves many factors, such as inflation and taxes, the likelihood of living a long life, the types of income you expect to receive in retirement, how you plan to invest and spend your money when you're retired, and whether you want to leave anything to the next generation.

If you're among the majority of working women who expect to have an active life in retirement, you will want to consider your spending needs for both basic living expenses and special interests. It's also important to consider your needs for medical care beyond what Medicare provides. We'll look at this more closely in the next chapter.

A good financial goal for retirement is to replace 100 percent of your pre-retirement income for each year in retirement. Some financial planners have traditionally suggested a lower goal, since some costs tend to go down in retirement, like taxes and commuting costs. But with the cost of health care on the rise, chances of living a long life, and your desire to remain active during retirement, a better solution is for women to aim for a higher goal.

Women are living longer today than ever before. If you just go by the numbers reported these days, a 65 year old woman today will — on average — live another 20 years.[4] In fact, current trends suggest that 13 percent of women who reach age 65 will live to be 95.[5] When you estimate how long you might live, take your family history, your health, and these statistics into account.

How Long Between Now and Retirement?

The time between when you start to save for retirement and when you expect to retire is called your time horizon. The earlier you start saving for retirement, the more time your money has to grow. The closer you get to retirement before starting to save, the more money you'll need to put away from each paycheck.

Take a look at the difference a long time horizon can make for your savings:

	Jennifer	Valerie
Starts Saving at Age…	22	40
Amount Saved	$500 a year	$500 a year
Stops Saving at Age…	30	65
Years of Contributing	9	26
Total Saved	$4,500	$13,000
Value by Age 65*	$68,418	$36,742

*Assumes a 7% interest rate.
Source: Women's Institute for a Secure Retirement. Fact Sheet: Investing Early Pays Off. 2006.

Because Jennifer has a much longer time horizon than Valerie, she could nearly double the amount available for her retirement over Valerie's by the time she turns 65. Jennifer saves less but has more in the end.

Risk and Return: The Yin and Yang of Investing

Your time horizon has a lot to do with the type of investment that's right for you. The longer your time horizon, the more risk you can take with your investment. The risk of any investment is tied to the potential it offers to make more money.

Stocks — pieces of ownership in a company, may be considered risky investments. A stock's value can go up and down dramatically over a short period of time, and you can lose all of your investment return. But over the long haul, stocks can bring you higher returns than other types of investments. Over periods of 10 or more years, the good years tend to make up for the bad years. However, stocks can have down periods that last for several years. Success in stock investing also means a willingness to ride out the bad years. A way to minimize this risk is to invest in stock mutual funds. These funds allow you to buy into a broad group of stocks that offer diversification.

Bonds and money market account-type investments tend to carry less risk than stocks, but there is risk with every investment. You might think, for example, that by keeping your savings in a money market account, you are protecting yourself from investment risk. But the risk of inflation creeps in. Your savings strategy should allow your investments to beat the rising costs of goods and services; otherwise your money loses purchasing power.

An important way to manage investment risk is to spread your money — or diversify — across investments. To **diversify** your investments, you first decide on an **asset allocation** strategy. That is, what is the right mix of investment types based on your time horizon and tolerance for risk? From there, you decide how to diversify within each type of investment (which types of stock to hold, whether to hold high quality bonds or those that carry more risk, for example).

It's not easy to diversify your investments on your own, especially when you are investing in individual stocks and bonds. One way to diversify is to invest in mutual funds. A mutual fund is a diversified collection of stocks or bonds, or a mix of both. These funds aren't risk-free, but they do help you spread risk around.[6]

CHAPTER 4:
PROTECT YOUR ASSETS

Many of us overlook one of the most important pieces of our financial security picture: insurance. Several types of insurance can help us manage the risks life sometimes throws our way.

Disability Insurance

Do you know that you are at a greater risk for becoming disabled than you are of dying prematurely?[7] The financial risk to you and your family of a disabling disease or injury is much higher than most people understand.

A disability is an injury or illness that prevents you from working. Only a handful of disabilities result from workplace injury. Many more come from acute illnesses like cancer or heart disease.

Disability insurance replaces part of your income, usually around 60 percent, up to a certain limit, whether an illness or injury is short-term or permanent.

Find out if your employer offers disability insurance. The cost in monthly premiums is usually lower in group plans than if you buy insurance on your own. When selecting a policy, choose an adequate benefit amount and a long enough benefit period to protect yourself and your family against the worst cases. If the policy offers a waiting period option, and you can manage financially during that time, consider taking it. This is similar to buying a health insurance policy with a higher deductible — it takes longer for the benefit to kick in, but the premiums can be a lot lower.

Long-Term Care Insurance

Living longer comes with the unsettling possibility of chronic illness or injury that could leave you requiring assistance with everyday activities. Consider long-term care insurance to help pay your expenses if you need assistance with day-to-day activities of daily living (bathing, dressing, eating, toileting, continence, or moving in or out of a bed or chair) or develop a cognitive impairment, such as dementia.

Medicare does not cover most long-term care needs. Private long-term care insurance can provide a wide array of options, including in-home services, an assisted living facility or a nursing home. You can buy a long-term care insurance policy on your own, and sometimes you can get a policy through your employer. You can choose the amount of coverage, the deductible period and the amount of time that the benefits will be paid. Policies can also provide protection against inflation and may include other benefits. Long-term care insurance premiums are generally lower when you purchase it at an earlier age while you're usually healthy and insurable, although you pay the premiums for a longer period of time.

Life Insurance

Life insurance, simply put, insures against the loss of life. If your income plays a major role in your family's finances, life insurance helps protect that resource if you die. If you depend on someone else for financial support, that person should carry life insurance for the same reason. The benefit amount is based on the face value of your policy.

There are two types of life insurance — term and permanent. Term life insurance provides coverage for a certain number of years. You can buy it for as little as a year or as long as 30 years.* The insurance plan pays money to your beneficiaries if you die while you are covered by the policy. A term policy may be renewable, which means you can extend your policy without a medical exam. Premiums will be higher during the new term.

**Not all policy variations are available in all states.*

Permanent insurance is also called "whole life," "universal life" or "cash value" insurance. This product is life insurance with tax-deferred cash accumulation features. When you pay premiums for the policy, part of the payment goes to provide life insurance death benefits and part goes to build up the cash value of the policy. You may be able to borrow against the value of the policy.

The amount of life insurance you may need depends on who relies on you for income and whether they have other sources of income to support them in place of yours. Find out if you can purchase life insurance through your employer. Keep in mind that life insurance generally costs more as you get older and that some people with serious health problems may not be able to buy it.

Review your life insurance needs at major life stages, like when you have children or you change jobs. If you get divorced, you may want to change the beneficiaries of your policy. Depending on other resources, you may want to keep life insurance after you retire.

Health Insurance

According to our survey, the top two retirement concerns of today's working women are related to health. Women are concerned about being able to maintain their health in retirement, and being able to afford health insurance.

Workers and retirees place a high value on employer-provided health insurance, and for good reason. It can protect your financial well-being. Employer-provided coverage is typically far less expensive than individually purchased health insurance. If you are ever in a situation where you leave a group health plan when you change jobs, you may be able to sign up for COBRA (Consolidated Omnibus Budget Reconciliation Act) coverage. Under COBRA, you can keep your employer health insurance for up to 18 months if you are laid off, quit, or are let go from a company with 20 or more employees. You have to pay the full cost of the policy plus an administrative fee, but it can be worth it to maintain the coverage.

If you need to buy health insurance on your own, find out if you can get into a group health insurance plan through a membership organization that you or a family member belongs to. Before you sign up, check with your state insurance department to make sure the plan is licensed.

Health care coverage for most people aged 65 and older comes from the federal Medicare program. As long as an individual meets the eligibility and duration guidelines, Medicare provides partial coverage for hospital stays and care in a skilled nursing facility, as well as some home health visits. It also provides partial coverage for doctor visits, medical equipment, and some preventive benefits. Medicare also offers an optional prescription drug benefit at an additional cost. Be aware, Medicare has deductibles, co-payments, and doesn't cover things like dental care, hearing aids and glasses. Most Medicare recipients purchase a private health insurance plan that helps fill in some of the gaps. Sometimes employers offer these "gap" plans, known as retiree health care plans.

If you're planning to retire before you become eligible for Medicare benefits, find out if your employer offers retiree health insurance coverage, and at what point the coverage becomes available to you. If you are in a job with health insurance, are close to retirement age, and your employer offers retiree health insurance, find out what conditions you need to meet to be eligible. You may find out that working a little longer to qualify for retiree health benefits is worth it. For more information, read *Retirement Planning: Healthcare Considerations* from the MetLife Mature Market Institute.

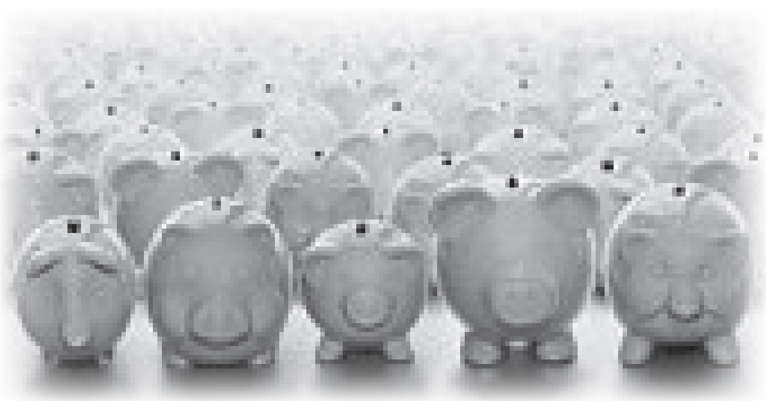
CHAPTER 5:
HOW NOT TO RUN OUT OF MONEY

We know from research that life expectancy continues to grow. We are likely to live longer than our mothers, and based on our survey results, most women understand this.

What does longer life expectancy mean to women? In addition to our hopes of a healthy and happy life in our later years, living longer also means retirement will cost more. The women we surveyed expect to work longer outside the home than previous generations, which may reflect recognition of increased life spans, and the costs that come with it. Women also expect to have a better retirement than their mothers, which shows confidence that their desired retirement lifestyles are achievable.

To ensure that living longer doesn't mean living poorer or even running out of money, consider setting yourself up with income for life. You can make this happen through **annuity products**.*

You can buy an immediate annuity (sometimes called an income annuity) with a lump sum of money at the time you want to begin receiving income. Consider an immediate annuity as an alternative to, or an addition to, making periodic withdrawals from your savings throughout your retirement.



**All guarantees are subject to the financial strength and claims-paying ability of the issuing insurance company.*

The amount of annuity you need is based on the gap between the amount of monthly income you need in retirement and your expected Social Security benefits, pension payments, and savings withdrawals.

Several types of immediate annuities are on the market. First, there's a **life annuity**. It usually pays you the same benefit each month for as long as you live. If the annuity pays you $500 a month when you retire, for example, it will continue to pay $500 a month for the rest of your life. Some annuities offer cost of living adjustments.

Another type is a **joint and survivor annuity**. The benefit is payable to you for life, and a percentage of the annuity payment continues for your surviving spouse or beneficiary for the rest of his or her life.

A third type of immediate annuity is a **life annuity with payments guaranteed** for a fixed period of time. It provides you with income for the rest of your life. However, if you die before receiving payments for a specified period of time, say five or ten years, benefits will continue to be paid to your beneficiaries or your estate for the rest of that period of time.

You can buy an immediate annuity with funds you receive from a defined contribution retirement plan, an IRA, savings, or any other source. Some advisors suggest buying an immediate annuity after you retire, between about ages 70 and 80, if your prospects for a long life are still good. As you get older, the rates will be more attractive and there will be less risk of future inflation. Another option is to buy multiple annuities at different times, to allow you to spread out the interest rate risk.

CHAPTER 6:
WAYS TO TAP INTO YOUR HOME'S EQUITY

Your home can provide useful financial options in retirement. You may choose to sell it and either buy or rent a smaller, more affordable place. The money you receive from the sale can go toward your living expenses. Most of today's working women who are open to tapping into their home's equity to finance retirement report that this is how they will do it.

However, today's retirees tend not to sell their homes to finance retirement. Only about 13 percent of today's retirees have tapped into their home's equity, and of those, 70 percent have sold their homes. The rest have used their home's equity to obtain a line of credit or set up a reverse mortgage.[8]

A reverse mortgage is the opposite of a regular mortgage. With a regular mortgage, you take on debt to buy your home, and as you pay off the loan, you build up equity. A reverse mortgage allows you to produce income by taking on debt and reducing the equity in your home.

When you are 62 or older, have paid off your mortgage or have a very small mortgage remaining, you may be eligible for this option. Here's how it works:

With a reverse mortgage, you borrow against the equity in your home. You don't pay back the loan as long as you live in the house. Instead, you receive payments from the lender. You could receive these payments monthly or in the form of a single lump sum. You might also be able to set up the payments as a line of credit. The amount you are eligible for is based on your age, interest rates, and your home's value.

As long as you live in your home, you won't need to repay the loan. When you die or move away, the loan comes due. Reverse mortgages are generally "non-recourse" loans. This means that the lender can't access anything other than your home — not your income, your other assets, or the income or assets of your heirs.

If you die, your heirs have to pay off the loan to receive the title to the house. Their options are to sell the home, use other funds from your estate or their own funds to pay the loan, or take out a new mortgage.

If you sell and move, you would likely pay the loan back with the money you get from the sale. If your loan balance is less than your home's value when you sell, you or your heirs keep the rest.

Only you can decide whether a reverse mortgage is right for you. Learn more about them on the web at www.hud.gov and at www.reverse.org.

CHAPTER 7: RETIREMENT SAVING AND PLANNING: A CHECKLIST FOR THE DECADES

It might be hard to believe, but there's plenty of room for retirement planning as soon as you enter the job market. The earlier you start saving and planning, the easier it will be to reach your goal.

Listed below are some retirement planning and savings to-dos based on your age. The journey to financial security can include many considerations beyond these. Download a free copy of *Seven-Life Defining Financial Decisions* from www.wiserwomen.org for a thorough yet easy-to-read guidebook on making smart decisions throughout your life that can put you on the road to financial security.[9]

In your 20s

Check out benefits that come with jobs.

- ❑ Consider the benefits — 401(k), pension, health, and other insurance — and not just the salary. You may be surprised at just how valuable benefits are when you add them up.

Get into the habit of saving.

- ❑ Open a checking and savings account if you don't have them.
- ❑ Deposit five percent of your salary into your savings account each pay period.
- ❑ Start an emergency fund. You should have three to six months pay saved up in case you run into financial surprises — a job loss or expensive car repairs, for example.

Start saving for retirement.

- ❑ Sign up for your company's 401(k) if there is one. Contribute at least enough to get the full match.
- ❑ If you don't have a 401(k), open an IRA. Set up automatic monthly contributions from your checking account.

20s

Strive for a debt-free life.

- ❑ While you need credit to build up a credit history, don't go overboard.

- ❑ Limit yourself to one credit card for emergencies, and pay the balance each month.

- ❑ If you have already piled up credit card debt, put as much money toward it as you can to pay it down as quickly as possible.

- ❑ Work on paying down any student loan debt you have, and consider how to pay for additional education if you choose to pursue it.

- ❑ Plan for owning your first home.

- ❑ Learn to make a budget and use it.

In your 30s

30s

Keep saving, and focus more on the investing part.

- ❑ Continue contributing to your 401(k) plan or IRA. Shoot for 10 percent of your paycheck.

- ❑ Take a look at how your 401(k) plan or IRA money is invested. At your age, you can afford to put a lot of your money in stocks.

Keep your debt in control.

- ❑ If you're buying a home, aim to put down 20% to avoid the cost of mortgage insurance. Your mortgage payment should be no more than 28% of your monthly income (based on lender guidelines).

Do an insurance checkup.

- ❑ If you've started a family, buy term life insurance that will protect them financially if you die.

- ❑ Assess your health insurance to make sure it meets your needs. If you don't have health coverage at work, find out if any organizations you belong to offer good individual plans and rates.

- ❑ Make sure you are covered by disability insurance. Check with your employer to see if you can purchase coverage through work.

- ❑ Make sure you are carrying enough car and homeowner's insurance. You can often get a good deal if you use the same insurance company for both.

- ❑ If you rent, make sure to get renters insurance to cover your losses in the event of theft, a fire, or other disaster.

- ❑ Take advantage of internet tools to shop for the best insurance coverage and rates.

In your 40s

Refine your retirement saving strategy.

- ❑ Set a specific retirement savings goal. You can find many free retirement planning calculators on the web.

- ❑ Take a look at how your 401(k) plan or IRA money is invested. You are still young enough to keep a chunk of money in stocks.

- ❑ Don't be afraid to ask for help. A good financial planning professional can set and keep you on track to meet your goals. For help selecting an adviser, read WISER's *Fact Sheet on Financial Professionals* (www.wiserwomen.org).

- ❑ Review your insurance situation (refer to the "Insurance Checkup" checklist).

In your 50s

- ❑ Revisit your retirement savings goal to make sure it still makes sense and that you are on track to reach it.

- ❑ If you're behind on saving, take advantage of higher contribution limits in 401(k)s and IRAs that are now available to you.

- ❑ Take a look at how your 401(k) or IRA money is invested. You can still afford to have a lot of your money in mutual funds.

- ❑ Review your insurance situation (refer to the "Insurance Checkup" checklist). Explore long-term care insurance policies; generally, the younger you are when you get one, the lower the premiums will be.

In your 60s

Consider your retirement spending strategy.

- ❑ Determine the right option for you:
    - Continue to invest your retirement assets, living off a small percentage each year.
    - Annuitize a portion of your retirement assets.
    - Do a combination of both.

- ❑ At retirement, keep your 401(k) assets in your employer's plan if that's an option, or roll your balance to an IRA to retain the tax benefits.

- ❑ If you earned a traditional pension, compare the payout options and make sure your choice doesn't exclude you from other retiree benefits. *Don't Run With Your Retirement Money* is a great source for information on drawing down money in retirement. Download a free copy from www.wiserwomen.org.[10]

Consider your health.

- ❑ Apply for Medicare three months before you turn 65.

- ❑ Carefully research the Medicare prescription drug coverage options (Medicare Part D) available to you to make sure you get the best coverage for your prescription needs, or check to see if your employer offers retiree prescription drug benefits.

- ❑ You may find your employer health coverage combined with Medicare makes it worth staying in your job a few years more.

- ❑ Look at Medigap policies available in your area to supplement Medicare coverage (learn more at www.medicare.gov) if you do not have retiree health benefits through your employer.

What to do if you can't afford to retire.

- ❑ Consider your options for continuing to work on a full or reduced schedule.

- ❑ Find out when you can receive your full Social Security benefit. You can hold off on collecting your benefit up to age 70 to increase your monthly payment.

In your 70s

- ❑ If you have a traditional IRA that you haven't taken withdrawals from yet, you must start taking money out after age 70 1/2. Otherwise you may get hit with a big tax penalty.

- ❑ Start collecting Social Security at age 70 if you have delayed your benefit.

70s

CONCLUSION

At this very moment, our generation is redefining retirement. We plan to work longer and stay active. We don't look at retirement as the end of something, but in many ways as a new beginning. We hope to travel, to pursue higher education, and to support our communities as volunteers.

We're showing an acceptance of the significant responsibility we face in funding our own retirement. When we turn that recognition into action, we are on our way to a secure and meaningful new era in our lives.

We hope this booklet serves as a helpful guide as you take the journey of preparing financially for your future. Share it with your friends and colleagues, so that we may all help each other meet the challenges and seize the opportunities that will lead us to the kind of future we aspire to.

It all comes down to knowing what luggage we'll need for this trip to our future. Don't wait until the last minute to pack.

GLOSSARY

Annuity - (1) A series of periodic payments. (2) An insurance contract under which the company promises to make regular payments to an individual for a certain period or for life.

Asset allocation - A strategy for dividing your financial assets among financial risk categories, like stocks and bonds. It's a way to diversify your investments and other financial assets designed to reduce risk.

Bond - Debt issued by a company or government entity. When you buy a bond, you loan money to the organization that issued it. You get an IOU and a promise that you'll get your money back with interest.

Diversification - A strategy designed to reduce risk by spreading your money across a mix of investment and other financial risks.

Employer match - The amount of money your employer adds to your 401(k) or similar retirement savings plan, generally based on how much you contribute.

IRA - A tax favored retirement savings account or annuity for individual workers. Traditional IRAs allow tax eligible individuals deductible contributions and investment earnings are taxed at withdrawal. Roth IRAs offer no upfront tax deduction, but contributions and qualified distributions of investment earnings are income tax-free.

Mutual fund - A collection of stocks, bonds, or cash investments, or a combination of them. A mutual fund invests a pool of money from many investors.

Pension - An earned right to a monthly retirement benefit for life from an employer. The amount is generally based on the retiree's age, covered compensation and years of service.

Return - The money you earn on your investments and other financial assets.

Reverse mortgage - A contract that allows a homeowner to receive retirement income from her home equity, with no repayment required as long as she remains in the home.

Risk - The possibility that an investment or other financial asset will lose value.

Stock - A measure of ownership in a company.

Time horizon - The time you have to save and invest to achieve a financial goal.

RESOURCES

Metlife Mature Market Institute. www.maturemarketinstitute.com.

Look under Consumer Publications for useful information on a range of financial issues.

Medicare & You 2007.
http://www.medicare.gov/publications/pubs/pdf/10050.pdf.

Medicare basics from the US Department of Health & Human Services. Includes information about, health plans, prescription drug plans, and enrollment.

Own Your Future. http://www.longtermcare.gov.

Free long-term care planning kit from the US Administration on Aging.

Social Security Online. www.ssa.gov.

Request your benefits estimate statement, apply for benefits, and learn more about planning your retirement.

Social Security: What Every Woman Should Know.
www.ssa.gov/pubs/10127.html.

A free publication from the Social Security Administration about women and retirement.

Taking the Mystery Out of Retirement Planning.
www.dol.gov/ebsa/publications.

The Department of Labor's consumer planning guide for workers ten years from retirement.

Women's Institute for a Secure Retirement (WISER).
www.wiserwomen.org.

You can find a variety of fact sheets and publications about special issues women face in preparing for a secure retirement.

ENDNOTES

[1] MetLife Mature Market Institute, **It's Not Your Mother's Retirement,** April 2007.

[2] Fred Schneyer. *Retirement More of a "Downshifting" Than Sudden End to Working*. Plan Sponsor Magazine. January 18, 2007.

[3] Certain divorced women and widows are eligible for spousal Social Security benefits. To learn more, see WISER's fact sheet entitled **Social Security and Divorce: What You Need to Know**.

[4] Women's Institute for a Secure Retirement. **Don't Run With Your Retirement Money!** 2007.

[5] Actuarial Foundation, **Getting Ready to Retire: What You Need to Know About Annuities,** 2007.

[6] To read more about mutual funds, visit the website of the Securities and Exchange Commission at www.sec.gov.

[7] Actuarial Foundation, **Disability Insurance: A Missing Piece in the Financial Security Puzzle,** 2004.

[8] Fidelity Research Institute. **The Role of Real Estate in Funding Retirement.** February, 2007.

[9] Women's Institute for a Secure Retirement and The Actuarial Foundation. **Seven Life-Defining Financial Decisions.** 2004. www.wiserwomen.org.

[10] Women's Institute for a Secure Retirement and The Actuarial Foundation. **Don't Run with Your Retirement Money!** 2007. www.wiserwomen.org.

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