

## Women's Retirement Needs Calculation and Personal Retirement Savings

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An essential first step in retirement planning is calculating retirement savings needs; however, only a few studies have focused on this topic (Mayer, Zick, & Marsden, 2011). The purpose of the research was to examine the relationship between retirement needs calculation and retirement savings among non-retired women aged 25 years and older. The assumption was that if calculating retirement needs had a relationship with other variables, educators and financial advisors could use this information to assist consumers. Data for the study were collected from a national population with 591 valid responses to a researcher-developed online survey instrument.

### Sample Characteristics

Most of the participants were non-Hispanic White women (89%), working either full-time or part-time (86%), and a homeowner (70%). Half of them (51%) were married. On average, they were 48 years old, with one child and at least three years of college education, good health, personal annual income between \$45,000 and \$54,999, household annual income between \$75,000 and \$84,999, and retirement savings in personal investments and savings of \$25,000 to \$49,999. The average planned retirement age was 66.7 years and life expectancy was 85.7 years. About 34% expected to need less income in retirement, and 28% assumed they would need more than their current earnings. Nearly one-third (32%) of the respondents expected to get the full amount of Social Security that today's retirees receive. Only 41% of the sample had calculated the amount they needed to save to have a comfortable retirement, 24% of the sample had not saved for retirement, and over one-third (35.4%) saved less than \$25,000.

### Results of Logistic Regression

The model for *retirement needs calculation* that contained all 15 predictors was statistically significant ( $\chi^2(15, 591) = 127.52, p < .001$ ), indicating that the model could distinguish between respondents who reported and did not report calculating retirement savings needs. The model as a whole correctly classified 70% of cases. Six major factors influenced whether a woman in the sample reported calculating how much she needs to save for retirement. Those who were older and healthier, homeowners, with greater household income, who planned to retire earlier and expected to live longer, were more likely to calculate retirement savings needs.

### Results of Standard Regression

About 35% of total variance in *personal retirement savings* was accounted for by the 16 variables ( $R^2 = .351, F(16, 591) = 19.411, p < .001$ ). Based on the standardized regression coefficient of each variable, age, education, household income, number of children, homeowner, and retirement needs calculation each had statistically significant relationships with personal retirement savings. Those women who were older, better educated, had greater household income, had fewer children, were a homeowner, and had calculated retirement needs were more likely to report having more personal retirement savings.

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### **Implications**

Educators and financial advisors can use these findings to help consumers. Clearly, there is a need to teach non-retired women to calculate their retirement financial needs. Researchers, financial educators and advisors might work together to design and carry out both longitudinal and cross sectional research that focuses on women and their preparations for retirement.

### **References**

Mayer, R. N., Zick, C. D., & Marsden, M. (2011). Does calculating retirement needs boost retirement savings? *The Journal of Consumer Affairs*, 45(2), 175-200. doi:10.1111/j.1745-6606.2011.01199.x