How do Single Non-married Women Save for Retirement?

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With fewer retirement funds than men, and more years to live, women are at greater risk of poverty in later life (Rowland & Lyons, 1996). Not many studies have been devoted to understanding how single non-married women save for retirement. Using data from the 2000 Health and Retirement Study (HRS), the purpose of this study was to understand the differences in asset portfolios of near-retiree married and non-married women, to examine the effect of marital status on net worth and retirement preparedness, and to investigate factors associated with the net worth and retirement preparedness among non-married near-retiree women aged 51-64. In previous studies, to measure retirement preparation, investment assets-to-net worth ratio has been suggested and used as a guideline of retirement preparedness (DeVaney, 1995; Lytton, Garman, & Porter, 1991).

The total sample (N=3,614) for this study included households headed by women ages 51-64 and consisted of a sub-sample of 2,613 married and 1,001 non-married women. In Ordinary Least Squares (OLS) regression model, the dependent variable was the levels of net worth (net value of total wealth). In the multivariate logistic regression analysis, the dependent variable measured the likelihood of being prepared for retirement; a binary variable (1 if the investment assets-to-net worth ratio is greater than .25; 0 otherwise) was created in the empirical models for non-married near-retiree women households. To identify the effect of marital status on the net worth and retirement preparedness, a dummy categorical variable for marital status (married, non-married women) was included in the regression models. Variables reflecting the socio-economic variables of the near-retiree women consisted of income, age, education, job tenure, employment type, race, and self-reported health.

It is observed that while married women owned 34 % of their net worth in the CDs, saving bonds, T-bills, stocks, bonds, IRA, business, real estate, and other savings, non-married women had 23 % of their net worth in such investment assets. The results of the OLS analysis indicated that non-married near-retiree women held significantly lower levels of net worth than their married counterparts. The results of the logistic regression analysis showed that older age, higher income, higher education, longer job tenure, being self-employed, being White, and excellent health status were positively associated with the levels of net worth among near-retiree women ages 51-64. Understanding financial portfolios and retirement preparedness of non-married near-retiree women would provide family economists with the knowledge of the economic well-being of the single non-married older women in later life. Further, information about the factors that predict retirement preparedness among near-retiree women would generate meaningful implications for education of women approaching retirement in next decades.

References

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