



**NATIONAL
WOMEN'S
LAW CENTER**

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Getting Ready for Retirement: The Basics about Saving for Retirement and Social Security

Women face unique challenges that make it hard to ensure a secure retirement. Here's what you need to know so you can make the best possible choices to set yourself up for a secure retirement. For more information, you can watch this [webinar](#).

The Basics

Employer-sponsored retirement plans

- Your employer might offer:
 - Defined benefit plans, or pensions. These provide a monthly benefit, based on your years of work and salary, when you retire.
 - Defined contribution plans, like 401(k)s and 403(b)s. These are individual savings accounts. You contribute your own money (before taxes are taken out), and when you retire, you can use the savings (plus or minus investment gains or losses and fees). These accounts have tax advantages, but there are rules about when you can take out the funds.
 - SIMPLE IRA. This is an Individual Retirement Account (IRA) that your employer sets up, which both the employer and the employee can contribute to. IRAs also have tax advantages, and rules about when you can withdraw funds.
- There are limits to how much you can contribute to defined contribution plans or IRAs each year. Employers may contribute to, or match, what you put in defined contribution plans or IRAs. You may be able to withdraw funds, without penalty, for emergencies or limited purposes.

Tax-favored retirement savings plans

- You can open an Individual Retirement Account (IRA) with a financial services provider. If you do not have a retirement plan at work, you can put money in an IRA. You can also “roll over” retirement savings into an IRA when you change jobs.
- There are a few different kinds of IRAs, and the tax rules are different. You may be able to withdraw IRA funds, without penalty, for emergencies or limited purposes (like education expenses or to purchase a home).

Social Security

- Federal program that provides retirement, disability, and survivor benefits to eligible individuals and families.
- Social Security is financed through a payroll tax which is deducted from your paychecks. That money then goes into two federal trust funds (one for Social Security, one for Medicare). These programs are not going bankrupt!
- To qualify you must have 40 “credits,” by earning a minimum amount for at least 10 years. In 2024, you earn 1 credit for each \$1,730 in earnings and you can earn up to 4 credits per year,
- You may start receiving benefits as early as age 62, but your benefit will be lower than if you wait until your full retirement age (67). You can boost your benefits a little more if you can wait to claim them until age 70.
- While Social Security is facing an ongoing shortfall, the program is not going bankrupt. Even if lawmakers don’t do anything, Social Security will continue to pay out benefits after 2033, even if they’re somewhat reduced from current levels.

Tips

1. You should have an overall financial plan, including emergency savings and insurance. You should also remember to review or revise, if needed, your financial plan at least once a year, especially when you have major life changes (divorce, major illness, etc)
2. If your employer offers retirement benefits, sign up as soon as you can. Save what you can as well, especially if your employer offers a match.
3. It’s also important that you check on your retirement accounts at least once a year, and make sure you have current contact information.
4. Have a goal in mind for your retirement savings. An online retirement savings goal-setting calculator can help.
5. The Social Security Administration will send you information about your expected Social Security benefits and you can check your projected benefits through the website.

Resources for You

<https://www.ssa.gov/preare/plan-retirement>

<https://www.ssa.gov/es/preare/plan-retirement> (Spanish version)

<https://www.ssa.gov/benefits/calculators/>

<https://www.dol.gov/sites/dolgov/files/EBSA/about-ebsa/our-activities/resource-center/publications/top-10-ways-to-prepare-for-retirement.pdf>

<https://www.dol.gov/sites/dolgov/files/legacy-files/ebsa/about-ebsa/our-activities/resource-center/publications/top-10-ways-to-prepare-for-retirement-spanish.pdf> (Spanish version)

<https://wiserwomen.org/resources/retirement-planning-resources/the-working-womans-retirement-plan-checklist/>

<https://wiserwomen.org/resources/social-security-resources/social-security-what-every-woman-needs-to-know/>