

Some women's retirement plan: Rely on Prince Charming

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Women workers often rely on future spouses to organize their retirement finances, rather than making independent decisions now. Men and women working for private Japanese companies make decisions about their retirement savings plans differently based on their gender.

Satoshi P. Watanabe, Ph.D., of Hiroshima University completed new research on an insurance company's survey results from 2002. Although the survey is somewhat dated, the data is still relevant because employee demographics have not changed significantly in the intervening 14 years. This is the first study to examine Japanese workers' gender-based decision making about [retirement](#) investments.

Even when women and men had the same comprehension of their retirement savings plan options, women were more likely than men to accept employers' automatic enrollment plans rather than to choose different options that would be better investments for their circumstances.

Previous research in the US and Japan identified a thought process common among women: regardless of my current relationship status, a man will eventually take care of my future or my retirement will just somehow work itself out.

Women believe that somehow, Prince Charming will arrange for their financial security in their Golden Years.

Men and women usually report that the ability to self-manage their investments is a positive attribute of retirement account portfolios. However, fewer women consider the responsibility that comes with self-management a positive attribute. The survey data reveal more women than men seem to be unwilling to manage their own investments.

The decision to not make decisions is a problem that compounds the disadvantages that women already face when building their retirement savings: women are paid less than men and often work fewer years, due to taking time out of the workforce for child-rearing. Additionally, women usually have longer retirements because they have longer average life expectancies than men.

Changes in 2001 to the Japanese national pension scheme gave individuals more retirement fund options, equivalent to 401k or IRA (individual retirement account) options in the United States. These changes might actually be detrimental to workers, particularly women.

The overall understanding of their retirement savings plan options is low for both men and women. Employer-provided retirement information seminars are often voluntary events that occur after work hours, when [women](#) are more likely than men to be busy with family commitments.

Women workers may be best served if employers provide retirement planning seminars during official work hours and if the national government created [retirement plans](#) that suited the investing behaviors of modern workers.

As the workforce becomes more dynamic with fewer permanent and more flexible contracts, individuals need [retirement savings](#) plans that do not rely on staying with one employer long-term. However, if workers are unwilling to independently manage their retirement accounts, then these self-management options may actually be detrimental to future

generations of retirees.

More information: "Prince Charming Syndrome?" Gender Gap in Preferences for Defined Contribution Pensions in Japan (forthcoming), *Journal of Women & Aging*, 30(2), 2016.

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