

10 TIPS TO HELP EMPOWER WOMEN INVESTORS

EVERY WOMAN NEEDS HER OWN FINANCIAL PLAN

That's because her financial strategies often need to be different from a man's, for a variety of reasons:

Women continue to earn less.
Despite an increased presence in the workforce, the average woman working full time earns $0.82 for every $1 earned by her male counterpart.[1]

Women live longer.
A man reaching age 65 today can expect to live, on average, until age 84, while a woman the same age can expect to live almost 87 years.[2] As a result, women generally need to rely on retirement income for a longer span. They also face higher health care costs than men during their retirement years.[3]

Women are more likely to be single later in life.
In 2020, 70% of men age 65 and older were married, compared to just 48% of women.[4] Single women don't have the opportunity to capitalize on the resource pooling and economies of scale accompanying a marriage or partnership.

Women are time-starved.
In their many roles as workers, wives, mothers and daughters, women are responsible for more than three-quarters of unpaid domestic work.[5] This includes housekeeping duties and caretaking responsibilities for children, aging parents or disabled family members.

Women are paying the price for going back to school.
Americans now hold over $1.7 trillion in outstanding student loan debt with women holding almost 2/3 of that debt.[6]

For many women, financial independence is their No. 1 concern. But what steps can a woman take to help her achieve this throughout her life? Here are a few key action items you can take to help create financial confidence in your retirement years:

1. Keep money in your name.

Every woman needs a pot of money to call her own. This means that in addition to joint financial accounts you may have, you should consider keeping some financial accounts in your name only. Also, make sure you maintain an individual credit history. You can do this by holding a credit card or personal loan issued just to you.

2. Confront your fears.

Are you controlling your money, or is it controlling you? Are your ideas about money and money management keeping you from becoming financially confident? As women increase education levels and continue to take on expanded roles in the workforce, they control more wealth. As a result, traditional views about finances need to be redefined, and women need to face financial decisions head-on.

3. Share the decisions.

If you share finances with someone else, you need to start talking. This way, you'll know if you share the same goals and dreams for the future, as well as whether you are on track to meet those goals. Also, remember that disagreements are bound to happen; good communication is key to working through those disagreements and getting you back on track financially as a couple.

4. Maintain access to all financial documents.

Keep your financial records accessible and easy to gather when you need them. This could include brokerage accounts, insurance policies, retirement plan statements, tax returns and other important documents. Keep a record of who owns each account. Be sure to notify the person responsible for handling your estate where all your documents are and whom to contact in the event of your passing.

5. Pay yourself first.

Fund your IRA, 401(k) or other retirement account to the maximum. This will reduce your taxable income and allow you to benefit from tax-deferred compounding. When you leave a job, consider rolling your 401(k) funds into an IRA. An IRA account balance can continue to grow tax-deferred, and you will gain the ability to choose from a broader array of investments than is likely available in your employer's plan.

6. Choose a financial advisor wisely.

It's important to work with a financial advisor you trust. Ask for referrals and interview several advisors to find rapport. Don't be shy about asking tough questions, and check their credentials. An experienced advisor can help you look for the right solutions at every stage of your life and help you build confidence in your ability to take control of your finances.

7. Put your plan in writing.

Ask your financial advisor to help you create a formal, written, long-term financial plan. A written plan will provide the framework for defining your financial goals and shaping your decisions. It also will help you set your sights on those goals in the long term and help you keep on track regardless of market conditions or unexpected life events.

8. Have a backup plan.

Speaking of life events, don't let a critical life change – such as marriage, divorce, widowhood or illness – derail your goals. Your financial advisor can work with you to create a financial plan to address the unexpected and keep you moving toward your goals.

9. Understand what you own.

Although working with a financial advisor is vital, you must also know and make sense of the investments you hold. Educate yourself on basic investing principles by taking classes, reading books or financial trade journals, and doing research. Find out how your investments performed against the market, and ask how fees affect your portfolio.

10. Plan for your family's future.

When planning your estate, you can create a strategy designed to take care of your heirs while optimizing your retirement income. Work with a qualified estate planner and financial advisor to design a strategy for passing on wealth to your loved ones while enjoying the fruits of what you've worked hard to earn throughout your lifetime.

Financial independence starts with determining your financial goals and putting in place a plan designed to help you reach them. By implementing the steps outlined here, you can be well on your way to creating financial confidence for yourself, both now and in your retirement years.

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[4] Administration for Community Living. May 2021. "2020 Profile of Older Americans." Page 6. https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2020ProfileOlderAmericans.Final_.pdf. Accessed May 17, 2022.

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