3 Financial Challenges Women Face and How to Overcome Them

Jessica K. Martini
Financial Advisor

California State License #:4182150
Write down three financial goals.

Short-term • Mid-term • Long-term
3 Financial Challenges Women Face

**CHALLENGE # 1**
Women often earn less than men

**CHALLENGE # 2**
Women are often caregivers

**CHALLENGE # 3**
Women generally live longer
Challenge #1

Women often earn less than men
Women Earn Less Than Men

Women earn 82 cents to every dollar men earn.

Challenge #2

Women are often caregivers
Caregiving in the United States

75% of caregivers are women

55% of caregivers are providing more than 6 hours of care per day

1Institute on Aging  www.ioaging.org/aging-in-america
Financial Impact of Caregiving

58% of female caregivers reported their careers were impacted by their caregiving.

26% of a caregiver’s monthly budget goes toward caregiving.

Challenge #3

Women generally live longer
We’re All Living Longer

50% chance a single 65-year-old man will live beyond the age of 88

50% chance a single 65-year-old woman will live beyond the age of 90

Plan for a retirement that could last 30 years or longer.

Probability of a 65-year-old living beyond various ages. Based on the 2012 Individual Annuity Mortality Basic Table with Projection Scale G2.
You can overcome these challenges!
Financial Planning Concepts

1. Goals
2. Manage risk
3. Grow your wealth
4. Preservation and distribution
Setting Goals

Goal:
- Buy a larger home

Goal:
- Buy a larger home with:
  - 3 bedrooms
  - Attached garage
  - Large backyard
  - Eat-in kitchen
  - Within 30 min of work
  - Save $20,000 down payment
  - Purchase in 3-5 years

Knowing what you want and how long you have to get there brings your goals into focus and helps you plan for success.
Risk Management
What Is Risk Management?

Protecting your ability to reach your goals against things that are beyond your control, such as:

- Unexpected expenses
- Illness, accident or injury
- Dying too soon

Managing risk is one of the most important aspects of financial planning.
Create an Emergency Fund

Life is unpredictable.
Create a short-term safety net.

Keep an equivalent of six months of living expenses in an account you can access easily.
Paying Down Debt

Start with an action plan.

1. SET PAYOFF DEADLINES
2. DEVELOP REALISTIC BUDGET
3. CASH-ONLY LIFESTYLE
4. EXCEED MINIMUM PAYMENTS
What’s your most important asset?
Protect Your Income

Your ability to earn an income is your most valuable asset.

1 in 4 employees will be disabled for three months or more during their careers.

It’s not always catastrophic events that lead to disability.

Disability Income Insurance

Group disability insurance through your employer:

- Usually has a cap.
- Is taxable.
- Covers only about 60% of your income (40% pay cut).
- Won’t move with you to another company.

We insure our cars and our homes against unforeseen events. Why not our income?
Long-Term Care

Are you providing care for a loved one?
Talking With Your Parents

Questions you can start with:

- Are their accounts in joint names?
- Are their primary and contingent beneficiaries current?
- Do they have a plan for long-term care?
- Who are signers on their bank accounts?
- Should the house be transferred to a family member or trust to protect it in the future?
- Should the family consider paying for their long-term care insurance?
Address Your Own Needs

If you live beyond the age of 65, there’s a 70% chance you’ll need long-term care at some point.

Long-term care is not covered by Medicare or private health insurance. Medicaid is complex and offers limited choices.

Whose financial welfare do you want to protect?
Life Insurance Considerations

What would you want to cover if you couldn’t be there for your loved ones?

- Is there a mortgage to pay?
- Are there significant costs you’d want to cover for your family?
- Are there other people who may need your financial support in the future?
- Do you want to leave a financial legacy?
Risk Recap

Ways you can protect yourself against unpredictable circumstances:

• Emergency fund
• Pay down debt
• Disability income insurance
• Plan for long-term care
• Life insurance
Growing Your Wealth
Growing Wealth

Make the most of your money by making investment decisions that are right for you.

How you invest your money will impact your ability to achieve your goals.
It’s up to you to create your own retirement savings plan.

Invest your money in a way that gives you the greatest chance of reaching your goals.
College Costs

Average cost per year for public, 4-year, in-state schools, including tuition, fees, room and board:

$21,950

Don’t prioritize saving for college over saving for retirement.

Investment Considerations

- How much risk are you willing to take?
- How long will you invest before you need to tap into those funds?
- How will taxes impact your investments?
- How long will you be making withdrawals?
- Are your investments in qualified or non-qualified accounts?
Asset Diversification and Allocation

Historically, the three asset classes have responded differently to economic activity and market trends.

- **Diversification**: Splitting your portfolio between asset classes to help reduce overall risk in your portfolio

- **Asset allocation**: How you choose to distribute your funds between asset classes

No investment strategy can guarantee a profit or protect against a loss.
The Power of Compounding

Long-term financial gains may result from early saving and the power of compounding.

The sooner you start, the harder compounding can work for you.

Illustrated effect of compounding growth over time at 6% rate of return

$6,000 annual investment

Anna
From ages: 25 – 65
Total invested: $240,000

Beth
From ages: 25 – 40
Total invested: $90,000

Christina
From ages: 40 – 65
Total invested: $150,000

Past performance is no guarantee of future results. This is for illustrative purposes only and not indicative of any investment. Returns and principal invested in stocks are not guaranteed. The data does not account for taxes or transaction costs.
Wealth Preservation and Distribution
Distributing Assets

Pre-Retirement Income

Deferred Annuities  Investments  401(k), IRA  Roth  Life Insurance

Income Annuities  Social Security  Pension

Cash Reserve

Retirement Income
An estate plan gives you a voice when you can no longer speak for yourself.
Estate Planning Basics

It’s never too soon to plan for your estate.

Age 18
- Health care directive
- Durable power of attorney for health care
- Durable power of attorney for finances

Marriage
- Update POAs
- Update beneficiaries
- Will and/or trust
- Plan for your legacy

Growing Your Family
- Appoint a guardian
- Update beneficiaries, wills, trusts and legacy plans

Estate planning and financial planning go hand-in-hand.
Importance of Estate Planning

Estate plans can:

- Ensure that your wishes are honored.
- Eliminate friction and tension when assets are being distributed.
Creating Financial Security

Risk Management

Growing Your Wealth

Wealth Preservation and Distribution
Find a financial professional to help you along your journey.
1. Look for More Than Investment Advice

A financial professional will take a broader look across all aspects of your financial life and help you through times of transition.
2. Align Your Priorities

Work with someone who:

• Creates a long-term plan that's focused on your priorities.

• Will help turn your plan into action.

• Helps you make big financial decisions.

• Meets with you regularly to make sure you’re on track and adjusts your plan as your life changes.
3. Do Your Homework

- Ask for referrals from people you respect.
- Set up a meeting (there’s typically no obligation).
- Ask about the advisor’s areas of expertise and credentials.
- What’s the process for working together? How are they paid?
- Learn about the company they represent.

A++
A.M. BEST

AAA
FITCH

Aaa
MOODY’S INVESTORS SERVICES

AA+
S&P GLOBAL RATINGS
4. Words of Caution

Be wary of:

- Anyone who attempts to sell you a financial product in a first meeting.

- An off-the-shelf planning solution. You are unique – your plan should be, too.
5. Self-Care Applies to Finances, Too

When you take care of your own finances, you’re taking care of others, too.

What is one small step you can take in the next 24 hours that will help you make progress toward your goals?
Any Questions?
Book a Consult:

[QR Code]
Thank You