

A WOMAN'S GUIDE TO RETIREMENT PLANNING



The CP Welde Group
Tax and Wealth Advisors

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In America, women have never been in a better position to achieve financial security and success than they are today. As more and more glass ceilings are shattered and the wage gap continues to close, women have some of the best opportunities to take control of their finances.

Yet even though women are achieving success at record rates, nearly 1 in 5 have nothing saved for retirement [1]. Even worse, only 12 percent of women are completely confident that they will be able to retire comfortably [2]. Some of this can be attributed to lack of resources and financial guidance that is available for women.

Our goal with this guide is to provide women with the resources they need to feel confident in their financial future. By looking into the unique challenges that women are facing and providing solutions to overcome those hurdles, we hope to be a trusted partner in your retirement planning process.



UNIQUE CHALLENGES WOMEN FACE WHEN IT COMES TO SAVING FOR RETIREMENT

While everyone undoubtedly faces challenges when it comes to saving for retirement, women face a unique set of obstacles that aren't usually applicable to men. Some of those challenges include:



Women Have Longer Life Expectancies

Women live an average of five years longer than men [3], which means there are several financial challenges they need to consider. When planning and saving for retirement, it is important to keep the following challenges in mind:

- Women needing to stretch their retirement dollars further.
- Married women handling the disposition of the marital estate if they outlive their spouse.
- Women tend to need long-term care toward the end of their life.

Women Generally Earn Less

Most people in the country are aware of the wage gap that exists between men and women. On average, women earn 80 percent of what men make [4], posing another unique challenge for women. Not only does it affect a woman's ability to set aside savings, but it also affects Social Security retirement benefits and pensions as well.

Being that most women outlive men, they need to be able to make their money last longer. This can be difficult when they aren't making the same amount of money as their male counterparts. Proper financial planning can help women make the most of their savings and prepare them for the future.

Women are More Likely to Take Career Breaks

In today's environment, women represent more than 75 percent of caregivers and are three times more likely than fathers to leave their jobs to provide care for their family [5]. By moving in and out of the workforce, women face several hurdles including:

- Less savings.
- Increased financial vulnerability to divorce or the passing of a spouse.
- Lower Social Security retirement benefit.
- Loss of income and comprehensive benefits





Women Tend to be More Conservative Investors


Regardless of if you are saving for a new car, home, retirement, college, vacation, or anything else, you need your money to work hard. You need it to generate new money and to be able to withstand downswings in the economy. In order to do that, there are times when taking a small risk or placing more money in a savings account makes the most sense.

However, surveys and research show that women who invest tend to be more conservative when compared to men [6]. One reason for this is that women tend to invest in options that have a proven history of success, whereas men tend to be more willing to make a riskier investment with a larger ROI. Since women tend to be more conservative, they can also be susceptible to falling behind on their savings goals. This can lead to missing financial goals later in life.

Women Tend to Carry More Student Loan Debt

More than two-thirds of the nation's student debt is held by women [7]. On average, women take two years longer than men to repay their student loans. The large disparity between men and women can be attributed to both the gender pay gap and growing female attendance at for-profit colleges.

Unfortunately, trying to pay off student loan debt can mean that other goals, like saving for retirement, take a back seat. For example, a woman in debt might contribute less to their retirement savings or even contribute nothing at all in lieu of paying off hefty student loans.



HOW WOMEN CAN OVERCOME THESE CHALLENGES

Historically, women have typically taken a more passive role when making household financial decisions. But life happens, sometimes unexpectedly. Married couples get divorced, a spouse passes away, and suddenly, you are on your own to sort through your finances and figure out your financial future.

That is why it's important for women to have more financial responsibility for themselves and their families.

Here are a few simple things you can do to take better control of your finances:

Financially Educating Yourself

Often, one of the biggest mistakes that new investors make is not asking for help early on. It is okay to admit that you might not know everything about finances yet. The good news is there are countless resources available to help you learn and understand. Basic investing concepts, such as risk tolerance, asset classes, diversification, time horizon, and how 401(k)s and IRAs work, can all be learned.

Every investor started in the same exact position you are right now. The key is to have patience, be willing to ask questions, admit mistakes, and look for help when necessary. **The Bucket Plan® Philosophy**, for example, can be a great resource to start with by simplifying financial planning in a way that is easy for everyone to understand how to segment and save for retirement.

Set Financial Goals

When it comes to planning for the future, the idea of investing money that you will live off of after retirement can be daunting. That is why it is important to break the process down into more obtainable goals. Not only will this keep you motivated to continue saving and investing, but it will also give you a framework to follow.

When establishing financial goals, it can be beneficial to list out the items you wish to achieve, separating them into short-term and long-term goals. Short-term financial goals, for example, might consist of paying off outstanding credit card debt or setting money aside for an emergency fund. Long-term financial goals, on the other hand, are often loftier, such as buying a new home, retiring early, or saving for your child's college education.

Creating a list of goals is only the first step, as you will want to prioritize them as well. Depending on how long your list is and what goals you have, it may not be possible to pursue them all at once. Assigning a priority to each will help you decide which goals to chase first and which to save for later.



Plan and Save for Retirement

When planning for retirement it is important to consider how much money you will need once you are no longer working. You are likely to have money available to you in the form of savings, Social Security, and/or an employer pension, so determining how much you need from investments is critical.

With Social Security, the benefit you receive will change depending on the age you and/or your spouse retire. Another factor that will likely affect your Social Security benefit is the number of years you and/or your spouse spent out of the workforce before retirement. For divorced or widowed women, you may even be able to receive your deceased or ex-husband's Social Security benefits if your marriage lasted 10 years or longer. This is why it is important that you understand your retirement plan distribution opens upon retirement and review your portfolio regularly.

Avoid Additional Debt

One area that can quickly derail a savings or investment strategy is debt. Typically, debt can be categorized into two main categories: expected and unexpected. Both can put a dent in achieving your financial goals, but there are ways to prepare for each.

Expected debt can be viewed as any debt you knowingly agree to and can plan for. For example, if you know you are going to be purchasing a new car within the next year, you can assume that you will be taking out a loan. It is a good idea to create a budget and make sure that any new debt you take on won't hurt your contributions to your savings or investment accounts. If the additional debt were to hinder either of those two areas, then it might be a better financial decision to wait and save more money or select a cheaper option.

Unexpected debt is often harder to handle financially because there is no way to prepare for it. For example, if you or a spouse is diagnosed with a life-threatening illness, the health care costs can be an expensive burden to bear. Therefore, what often happens is they take out a loan or put the cost on their credit card. Since it is an emergency, there is no way to budget for the added expense of the debt. Of course, having an emergency fund can help shoulder some of the financial burden, but sometimes it isn't enough.

Protect Your Assets

Protecting your assets is an important, yet often forgotten step in retirement planning. Often, the focus is on accumulating wealth with little thought on how to protect it once you have it. Identifying any potential risk exposures is a great place to start. Once you have pinpointed these areas, you can implement strategies to help mitigate that exposed risk.

One common strategy to protect your assets is to purchase life and disability insurance. Not only is it vital to protecting your ability to earn an income, but it can also be used to ease the financial burden on your family should anything ever happen to you.



Create an Estate Plan

While no one wants to consider or think about the end of his or her life, it is important to have a plan in place for when it does happen. Executing basic estate planning documents will ensure your personal and financial wishes are carried out and any loved ones left behind are taken care of financially. You should have, at the minimum, a Will, trust, durable power of attorney, and healthcare proxy established.



Seek the Help of a Financial Advisor

In today's world, women hold the key to their own and their family's financial future. That is why it is critical to learn the basics of finances so that you can make informed decisions. Even with the basics, though, it can be difficult and time consuming to plan your entire financial future. In many cases, women (and men, for that matter) can benefit from working with a licensed financial professional who can present them with all the options.



TAKING CONTROL OF YOUR FINANCES WITH



Charles Welde, CPA, CFP
Founder and Owner,
The CP Welde Group

We understand that finding the time for financial planning can be a challenge, that's why we're here.

In the words of Charles Welde, CPA, CFP® who specializes in creating tax-efficient retirement plans, "Nearly everyone has a portfolio but very few have a plan," – which as you may have read by now, is **essential to retiring with confidence.**

At The CP Welde Group, we provide personalized Bucket Plans that include tax planning and ongoing management, to preserve and protect your assets and offer peace of mind. A tax-efficient and customized Bucket Plan is designed to safeguard your wealth, even in a volatile market environment.

Whether you prefer a quick phone conversation or a traditional in-person consultation, we're flexible and can meet you wherever you are in life.

You can trust our team at The CP Welde Group to answer your questions and help you plan now, so you can focus on enjoying your retirement to the fullest.

Schedule your **complimentary consultation** today for a plan and partner you can rely on in retirement.



The CP Welde Group
Tax and Wealth Advisors

**Schedule
a Consultation**

Visit: cpweldegroup.com

Phone: 610-388-7705

330 Kennett Pike, Suite 201, Chadds Ford,
Pennsylvania 19317

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