

RETIREMENT PLANNING IS DIFFERENT FOR WOMEN. IT JUST IS. HERE'S WHY.



By Amber Kelly

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With a longer lifespan and often less time building a nest egg, the stakes for women are higher in retirement. However, these challenges don't have to sideline your planning.

Financial professionals will tell you that every retirement plan is distinct because every retiree is unique, but that isn't exactly true. Married couples almost always get just one retirement plan.

Though that makes sense in many ways — after all, those two people are hoping to live a long and happy life together — their retirement plan must also represent their very different needs as individuals.

Unfortunately, women often take a back seat when it comes to working out the details of their financial future. This is troublesome given that, on average, women still live longer than men and have a real stake in how long their retirement income will last.

Nearly every woman will have sole responsibility for her finances at some stage in her life. Some will choose not to marry. Many will divorce. And even married women need to consider their income prospects, weighing the fact that if they're widowed, they'll lose one Social Security check and possibly at least part of a pension check. They may also have to pay more in taxes when they file as an individual.

Of course, that isn't the only challenge that makes a woman's participation in financial planning a must. Others include:

1. Women still tend to be the primary family caregiver.

When their children are small, women generally take the caregiving lead, which can take a toll on their bottom line in retirement. Stay-at-home moms especially struggle to catch up. They can miss out on years of contributions, possibly with an employer match, and the benefits of compounding in a 401(k). In retirement, they'll likely see less in Social Security and pension benefits. If they get divorced, they may lack the experience or support system that allows them to thrive at work and earn a higher salary.

It doesn't end there. Women are also likely to be the caregivers for their elderly parents, further affecting their careers and finances. Many report taking time off from work to help out, cutting their hours or passing up promotions.

2. Women continue to face a wage gap.

Although they now make up approximately half of the workforce, women, on average, earn less than men in nearly every occupation for which there is enough data to calculate an earnings ratio for both genders. The gap can be explained in part by women's time out of the workforce, but it's also because of occupational segregation; female-dominated jobs generally don't pay as much as traditionally male-centric jobs. Again, the gap can affect women's Social Security and pension benefits, as well as their retirement savings.

3. **Women can expect to pay more in health care costs in retirement.**

Since women live longer, women will likely have more health care costs in their later years. They'll also have a higher likelihood that they'll need long-term care at some point. Couples generally care for each other as long as they can as they age, but if her spouse predeceases her, a surviving wife may need to pay for outside care for herself.

4. **Women are typically more conservative investors.**

When they do get involved in financial planning, women are likely to be more risk-averse. Playing it safe is more comfortable — and probably a good approach when near or in retirement. Unfortunately, it also can mean less growth when women are in the accumulation stage of their investing years. Single and divorced women may need to pull more income from their investment savings in retirement if their Social Security and pension benefits are lacking.

5. **Women have a hard time discussing their finances — even with a professional whose job is to help them.**

The women we work with at Global Wealth Women often say discussing finances is too personal. Some even tell us they don't understand financial matters and don't feel confident when talking about them.

The Bottom Line

Clearly, there are issues here that must be overcome. But the women I talk with tell me they really do want a personalized financial strategy that gives them a better sense of security. They want to know if they've saved enough, if their money will last and if they have all their bases covered.

You don't have to know a lot about investing to ask those questions of an advisor, and you should be able to get answers that satisfy you with a plan that puts you on the right track.

If you're a woman who's been avoiding financial planning, or if you handed the job over to your spouse years ago, it's never too late to get involved. Don't be intimidated — by the jargon, your spouse or anything else. And don't say you're too busy. (Even if you are.)

Make this the year you take control of your own financial future.

At Global Wealth Women, we help women meet the financial challenges they face in their retirement journeys. To find out more, visit globalwealthwomen.org or call us at **866-405-1031** for your complimentary consultation.



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