FINANCIAL PLANNING FOR WOMEN

There are important planning considerations for women to help them reach their financial goals.

AT FIRST GLANCE, IT MAY SEEM ODD TO CONSIDER DISTINCTIONS BY GENDER WHEN IT COMES TO FINANCIAL PLANNING. AFTER ALL, ISN'T SAVING AND GENERATING FINANCIAL SECURITY A COMMON PURSUIT IRRESPECTIVE OF SEX?

While tactics are of course the same, the general circumstances associated with women (as compared to men) necessitates a customized approach to financial planning. Below, we lay out the top considerations.

Life expectancy

On average, women live longer than men. Globally, the spread is five years (75 vs 70); and in the U.S., it's four years (81 vs. 77).[1] The longer life expectancy means women need to have retirement savings that will last them these additional years. That's where prudent financial planning can help.

Lower lifetime earnings

While women are part of the workforce in far greater numbers than they were just a decade or two ago, many still work fewer years overall than their male counterparts. That's because many take time off from work to care for their children, an interruption that can significantly lower their lifetime earnings. Therefore, it is important for women to have a strategic investment plan that can compensate for the reduced lifetime earnings.

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Relationships and their impact on finances

If you plan to marry or combine finances with a significant other, there may be tax benefits by combining your finances. For instance, if you file a joint tax return, you may be eligible for a tax savings, especially when one spouse earns more than the other. Also, the time spent filing one return will be less than one, decreasing the amount you'll owe your accountant.

Insurance

As women generally live longer than men (see above), review your insurance options and consider disability and long-term care policies, which can help insure your earned income should you become disabled and unable to work, or help pay for the costs of long-term care that are not covered by health insurance, Medicare, or Medicaid.

Divorce

No matter whether your divorce is amicable or contentious, it can have a profound impact on your finances. There are myriad rules and regulations to consider, including the division of assets, the allocation of debit, estate planning considerations, and the division of retirement assets. While working with a skilled divorce attorney is critical during this time, consulting a financial professional can also help you create a plan to help maximize your financial outcome.

Parenting

If you are a single parent, you have unique responsibilities with associated costs and expenses for both you and your child. The costs of raising a child are ongoing but change as the child gets older. Understanding the costs of raising a child is a critical part of financial planning.

Updating your insurance policies — life, health — to include your child is important. So, too, may be starting a savings account for your child's education and future.

Finally, an emergency fund that can pay for unexpected expenses is an integral part of any financial plan. Generally, you'll want to keep at least three months' worth of living expenses for both you and your child in the fund, in case you lose your job.

To help you develop a clear plan for your financial goals, reach out to a financial professional for assistance.