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Taking Control

Financial Strategies for Women

PREVIEW

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This material was written and prepared by Broadridge Advisor Solutions.

Introduction

Financial Challenges Facing Women

Today, every woman — single or married, widowed or divorced — needs to plan ahead for personal and financial security. And more than anything else, this requires that you take control of your finances today.

Being adequately prepared to meet whatever financial challenges come your way may be more important than you think, especially when you consider the challenges described here:

- **Gender wage gap: Women who worked full-time in 2019 earned about 82% of what men earned[1]**
- **Women experience more career interruptions than men, primarily to care for their families[2]**
- **The average life expectancy for a 65-year-old is 86 for a woman, compared with 83 for a man[3]**
- **More than one-third of women age 65 and older live alone[4]**

Taking control of your finances includes a broad range of issues that women and men alike must deal with to help ensure a more comfortable financial future. There are strategies that can help you overcome these challenges and become more empowered to take control of your finances and your financial future.

Sources: 1) U.S. Bureau of Labor Statistics, 2019; 2) Pew Research Center, March 22, 2019; 3) NCHS Data Brief No. 355, January 2020; 4) 2018 Profile of Older Americans, Administration on Aging, U.S. Department of Health and Human Services

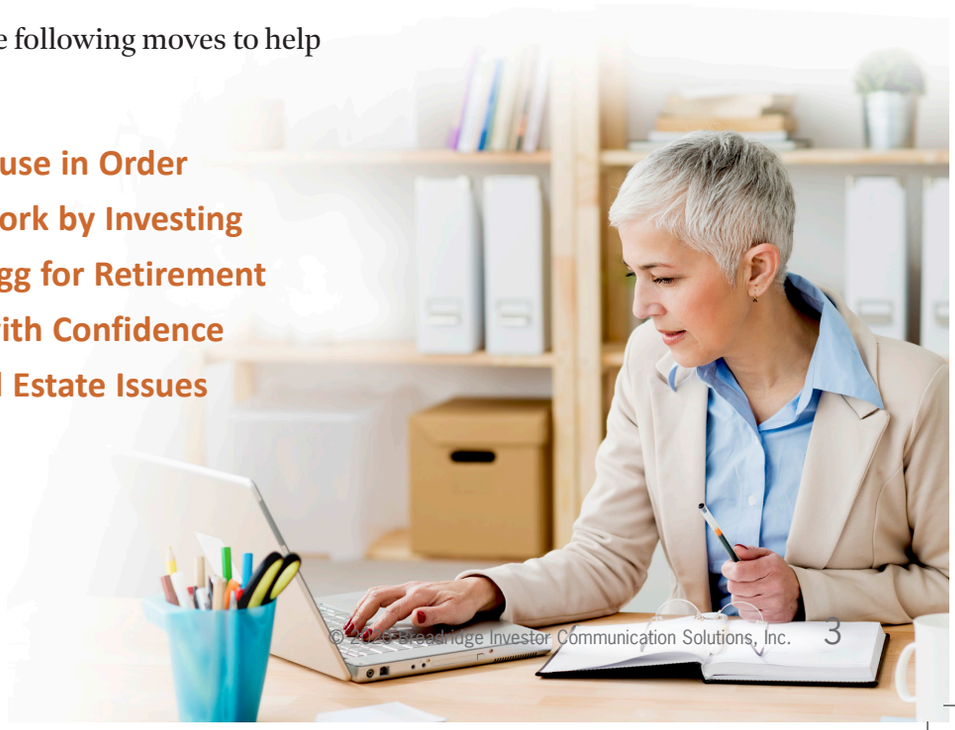
Competing Priorities

Women are involved in running households, having careers, raising children, and helping aging parents. These competing priorities can get in the way of planning for a comfortable financial future.

Five Action Items for Taking Control

Taking control involves making the following moves to help strengthen your financial future:

1. **Getting Your Financial House in Order**
2. **Putting Your Money to Work by Investing**
3. **Building a Healthy Nest Egg for Retirement**
4. **Facing Life's Challenges with Confidence**
5. **Addressing Insurance and Estate Issues**



Setting Financial Goals

Once you've taken a financial inventory of your income, expenses, assets, and loan obligations, you can start setting specific goals. Your financial goals are guideposts to planning for financial security.

Some goals are **money oriented**. It takes dollars to purchase a home, pay for vacations, accumulate money for a child's college education, and generate retirement income. Other goals are **task oriented**, such as learning more about the investment options in your employer-sponsored retirement plan. In addition, your goals can be **short term**, **medium term**, or **long term**. Making a list of your financial goals and classifying them by timeline can clarify your priorities and help you see the big picture.

Developing and maintaining smart money habits is a key strategy to being able to meet your financial goals.

Check Your Credit Report

It's wise to check your credit report periodically for evidence of fraud or any inaccuracies that could affect your creditworthiness.

The three major credit reporting agencies are required by law to provide you with a free credit report once every year. Log on to ***annualcreditreport.com***.

Smart Habit: Living Within Your Means

- **Spend less than you earn**
- **Don't use money to make yourself feel good**
- **Pay yourself first**
- **Set up monthly electronic fund transfers**

If you have trouble living within your means, you'll need to find a way to spend less or increase your current income. To spend less, look first at cutting back on discretionary expenses. Then look at your fixed costs, such as housing. If you have outstanding loans, consider whether you can refinance to save money.

What's a "Good" Credit Score?

A score range in the mid-700s or better is generally considered "good," but the best rates go to those with a score of 760 or more.

Source: Fair Isaac Corporation, 2020

Smart Habit: Maintaining Good Credit

- **Build credit history**
- **Pay bills on time**
- **Check your credit report**
- **Use credit cards wisely**

Good credit is essential to help you get the best interest rates on personal loans. Remember that if you're married, your spouse's credit history and profile could have an impact on your own credit rating.

Smart Habit: Building an Emergency Fund

A cash reserve is your "rainy day" money that you set aside for life's little and not-so-little emergencies — or for vacations and large periodic expenses such as property taxes. As a general rule, your cash reserve fund should be large enough to cover three to six months of living expenses.

Because your cash reserves should be liquid and safe, you might consider these savings vehicles.

Savings accounts usually offer high safety but a relatively low rate of return. They don't require a large initial investment, and the funds in them are readily accessible. For many people, their main attraction is convenience and liquidity.

Certificates of deposit offer a fixed, moderate rate of return and high safety. CDs usually require a larger initial investment than savings accounts, and you must leave your principal for a set term to avoid early-withdrawal penalties.

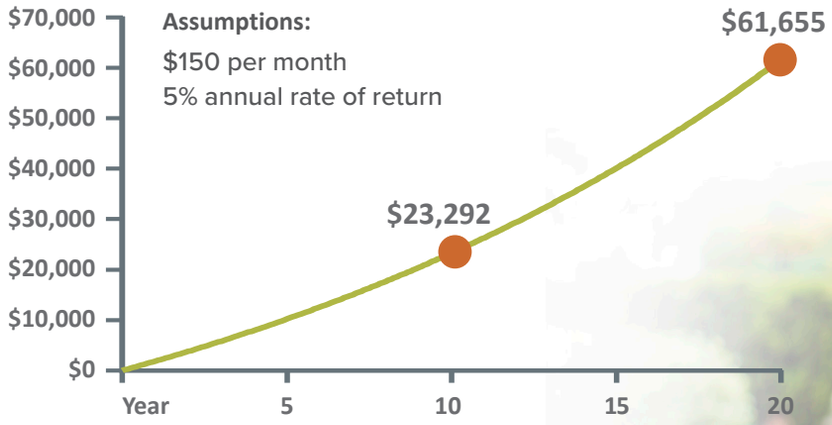
Money market funds invest in a diverse portfolio of short-term debt securities. Their goal is to preserve principal while yielding a modest return; however, the value of the funds can fluctuate.

Traditional bank savings accounts and CDs are insured for up to $250,000 per depositor, per federally insured institution, by the Federal Deposit Insurance Corporation. *Money market funds are neither insured nor guaranteed by the FDIC or any other government agency. Although a money market fund attempts to maintain a stable $1 share price, you can lose money by investing in such a fund.*

Mutual funds are sold by prospectus. Consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Small Amounts Can Add Up Over Time

Are there any discretionary items you spend money on that could be eliminated to free up money for your future? Here's an example of how spending $5 per day on coffee or other special treats ($150 per month) can add up over time. If instead you invested that money, you could accumulate a substantial amount in 20 years.



This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent any specific investment. Rates of return will vary over time, especially for long-term investments. The effect of fees, expenses, and taxes was not considered and would have reduced the results if included. Actual results will vary.

Prioritizing Goals

One survey found that only 42% of workers have tried to calculate how much they will need to save to live comfortably in retirement.

Source: Employee Benefit Research Institute, 2019

Low Retirement Confidence

Only 12% of women are "very confident" in their ability to fully retire with a comfortable lifestyle, compared with 23% of men.

Source: Transamerica Center for Retirement Studies, 2019