

Women Face Unique Planning Challenges

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Women face numerous unique financial planning concerns. The Institute for Health Metrics and Evaluation reports that women will outlive their male counterparts, on average, by 6 years. How does the added longevity impact healthcare expenses, increased cost of living due to inflation, and sky rocketing skilled nursing fees?

Studies show that 75% of married women will be widowed, at an average age of 56. It is imperative that women take an active role planning their financial future; odds are that they will be the sole party responsible for their financial security at some point in their lives.

Step Back and Make a Plan

Too often retirement planning is ineffective because scenarios are projected under broad assumptions. Detail your current expenses and project future increases, taking into consideration your longer life expectancy. Account for the gender pay gap and the subsequent reduction in Social Security. Evaluate unique circumstances pertinent to your financial journey – for example, certain pension elections eliminate benefits at the passing of you or your spouse, potentially derailing the financial stability of the survivor.

Your financial plan should be a tool to expose deficiencies. Isn't it better to learn of inadequacies while

corrective action can still have an impact? When you are 70 years old and you reach the stunning realization that you are going to outlive your savings, it is too late.

After dedicating the time and effort to create a financial roadmap, now is not the time to set cruise control. Life is a dynamic, unpredictable roller coaster; as life changing events occur, reevaluate the plan assumptions and revise as needed. Tracking the progress of your financial future is paramount in maintaining your financial well-being.

Financial Markets are Apathetic to Gender

Retail giants, such as Sears, sell pink hammers as a marketing ploy, but does a pink hammer drive a nail any differently than a blue hammer? Though the presentation might be more appealing – that is, if you even like the color pink – financial markets are apathetic to an investor's gender, rising and falling based on economic factors. While women clearly have complex planning considerations, the utilization of a disciplined investment process should not deviate based on the investor's sex.

The overall goal of a financial plan is to determine the steps you need to take in order to coordinate a systematic post-retirement income stream to meet your needs. The benefit of a financial plan is the ability to formulate a suitable Investment Policy by incorporating your increased life expectancy, potentially lower Social Security benefits, as well as risk tolerance and income needs. An Investment Policy sets minimum and maximum stock and bond ranges to help reduce the emotions of investing and

becoming too aggressive or too conservative based on over-reactions to market conditions. Utilizing this strategy directly links your investment management to your financial plan. You cannot control the markets, but you can optimize your approach based on your circumstances.

Where You Get Advice Matters

Unfortunately, many financial plans are pre-constructed cookie cutter products, claiming customization by merely incorporating your account balances and general goals. These so-called “customized” plans are typically sales tools geared at selling financial products. If the motive is to sell a product, how can it address your key retirement challenges in a meaningful way?

Seek an independent investment advisor that not only listens, but asks the challenging questions. A skilled advisor should be your financial advocate, discussing core issues often overlooked by many individuals – for example, an out-of-date beneficiary designation to an ex-spouse is an unfortunately frequent oversight that wreaks havoc on transferring assets to the intended recipient.

Be diligent as you search for the right advisor. Do they engage you and seek your input? Do they look you in the eyes, or are they focused on others in the room? Are you comfortable asking them questions and are they capable of answering in detail without making your head spin? This is your life savings. Not only does your input directly impact the outcome, your comfort and understanding is vital to the success of your plan and on-going management of your portfolio.

Bradley R. Newman, CFP® and Bryson J. Roof are with Roof Advisory Group, Inc., an independent investment management and financial advisory firm based in Harrisburg. The firm is a fee-only Registered Investment Advisor that provides portfolio management and financial planning services for individual and institutional clientele. The firm's email address is invest@roofadvisory.com.