LPL Financial

Women and Money

Taking Charge of Your Financial Future

Charting a Financial Course

Today, it's critical that women know how to **Save, Invest,** and **Plan** for their future

Reasons for Optimism

Women are well-positioned to **pursue financial security** for themselves and their families

Women’s Economic Clout

- Women make up about half the workforce
- Women account for more than half of all workers in management, professional, and related occupations
- Women own millions of businesses
- Women earn the majority of all bachelor's, master's, and doctoral degrees

Sources: U.S. Bureau of Labor Statistics, Women in the Workforce: A Databook, April 2021; U.S. Census Bureau, March 2021; National Center for Education Statistics, Table 318.30, 2020

Potential Financial Challenges

Women often face financial challenges that their male counterparts don't

Potential Financial Challenges

- Women have longer life expectancies
- Women generally earn less income and may have less savings
- Women are more likely to interrupt careers to raise children or care for family members
- Women may invest too conservatively

Sources: NCHS Data Brief, Number 427, December 2021;
U.S. Bureau of Labor Statistics, Women in the Workforce: A Databook, April 2021 and Employment Characteristics of Families, April 2021

Women Have Longer Life Expectancies

- Women on average live about 5 years longer than men
- Retirement dollars will need to stretch further
- Women more likely to need long-term care and face some health-care needs alone
- Married women likely to have sole responsibility for financial decisions and disposition of marital estate

Source: NCHS Data Brief, Number 427, December 2021

Women Generally Earn Less

- Women who work full-time earn 84%—on average—of what men earn
- Impacts savings, Social Security retirement benefits, and pensions
- Increased vulnerability to unexpected economic obstacles: job loss, divorce, single parenthood, illness, loss of spouse

Source: U.S. Bureau of Labor Statistics, Usual Weekly Earnings of Wage and Salary Workers Fourth Quarter 2021, January 2022

Women More Likely to Take Career Breaks for Caregiving

- Lost income and employer benefits
- Potentially lower Social Security retirement benefit
- Economic vulnerability in event of divorce, spouse's job loss
- Possible difficulty finding a comparable job
- Flexible schedules can impact salary and career advancement

Source: U.S. Bureau of Labor Statistics, Employment Characteristics of Families, March 2021

Women May Invest Too Conservatively

- Inadequate retirement nest egg
- Loss of purchasing power due to inflation
- No risk = no reward

No One-Size-Fits-All

Not all women will face all of these challenges, but it's important to move forward financially with them in mind

Take Charge of Your Financial Future

6 things you can do:

1. Take control of your money
2. Become a more knowledgeable investor
3. Advocate for yourself in the workplace
4. Plan for retirement
5. Protect your income and assets
6. Create an estate plan

1. Take Control of Your Money

- Realize you have responsibility for your financial well-being
- Know your cash flow
- Establish positive cash flow by budgeting, managing debt, living within means
- Create an emergency fund
- Establish and maintain good credit
- Set clear financial goals

2. Become a More Knowledgeable Investor

There's always room to learn more and adjust your plan based on your circumstances

2. Become a More Knowledgeable Investor

Just starting out

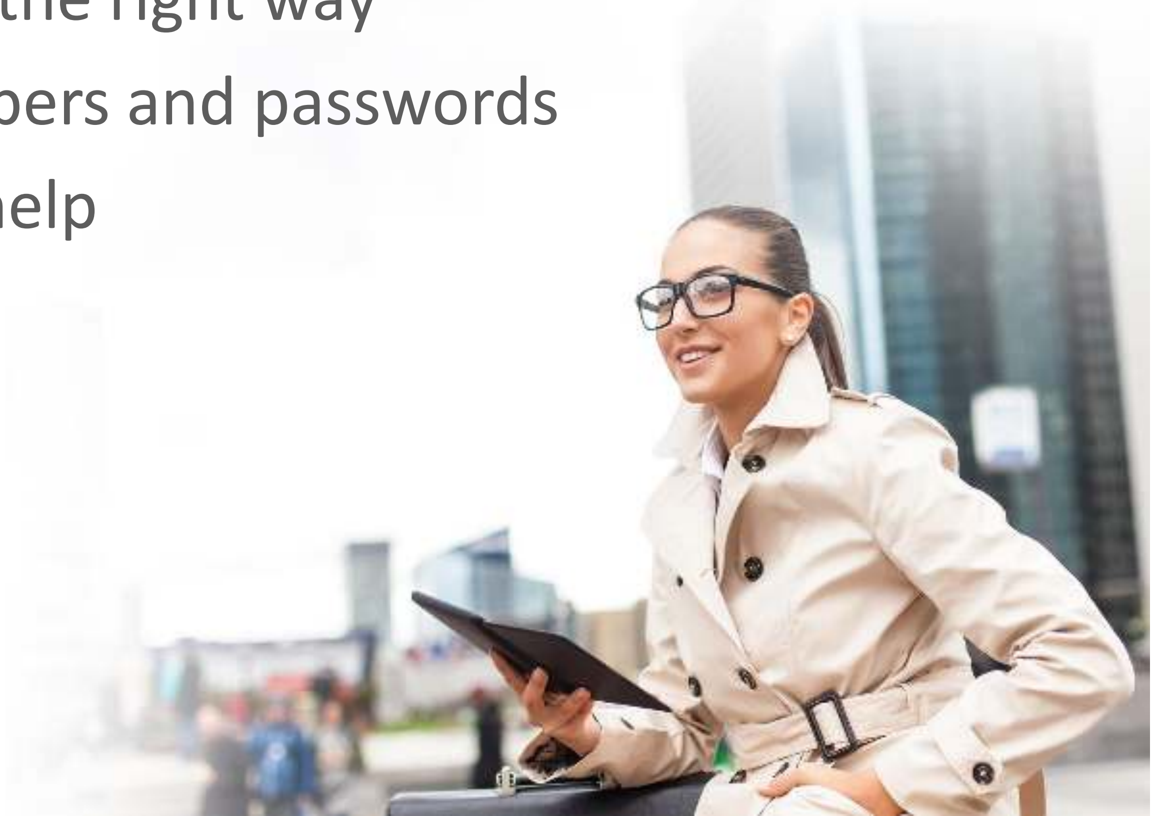
- Get some basic information
- Take small steps and learn as you go
- Don't postpone getting started
- Ask questions

More experienced

- Align portfolio with goals, time horizon, and risk tolerance
- Look for ways to manage risk
- Understand what you own
- Keep an eye out for investing ideas
- Consider taxes, fees, inflation
- Make ongoing adjustments
- Have game plan for volatile markets

2. Become a More Knowledgeable Investor

- Admit mistakes and move on
- Be risk averse — in the right way
- Know account numbers and passwords
- Know when to get help



3. Advocate for Yourself in the Workplace

- Negotiate starting salary
  - ✓ More to save and invest now
  - ✓ Salary is foundation for other benefits
- Research ongoing salary
- Speak up on accomplishments, take challenging assignments, ask for raises/promotions
- Ask for flexibility if needed

3. Advocate for Yourself in the Workplace

- Job flexibility
- Telecommuting
- Flexible hours
- Part-time work
- Growth trend

4. Plan for Retirement

Age you start saving for retirement	Save $2,000 per year	Save $5,000 per year	Save $10,000 per year
	at age 65, you'll have…		
20	$425,487	$1,063,718	$2,127,435
30	$222,870	$557,174	$1,114,348
40	$109,729	$274,323	$548,645
50	$46,552	$116,380	$232,760
60	$11,274	$28,185	$56,371

Note: This is a hypothetical example and does not reflect the performance of any specific investment. Results assume an average 6% return and do not account for taxes and fees. Earnings are compounded annually. Actual results will vary.

4. Plan for Retirement

- Save as much as you can
- Put yourself first
- Join employer retirement plan e.g., 401(k), 403(b) plan
- Consider IRAs — traditional, Roth, spousal
- Set savings goal and keep track of progress

4. Plan for Retirement

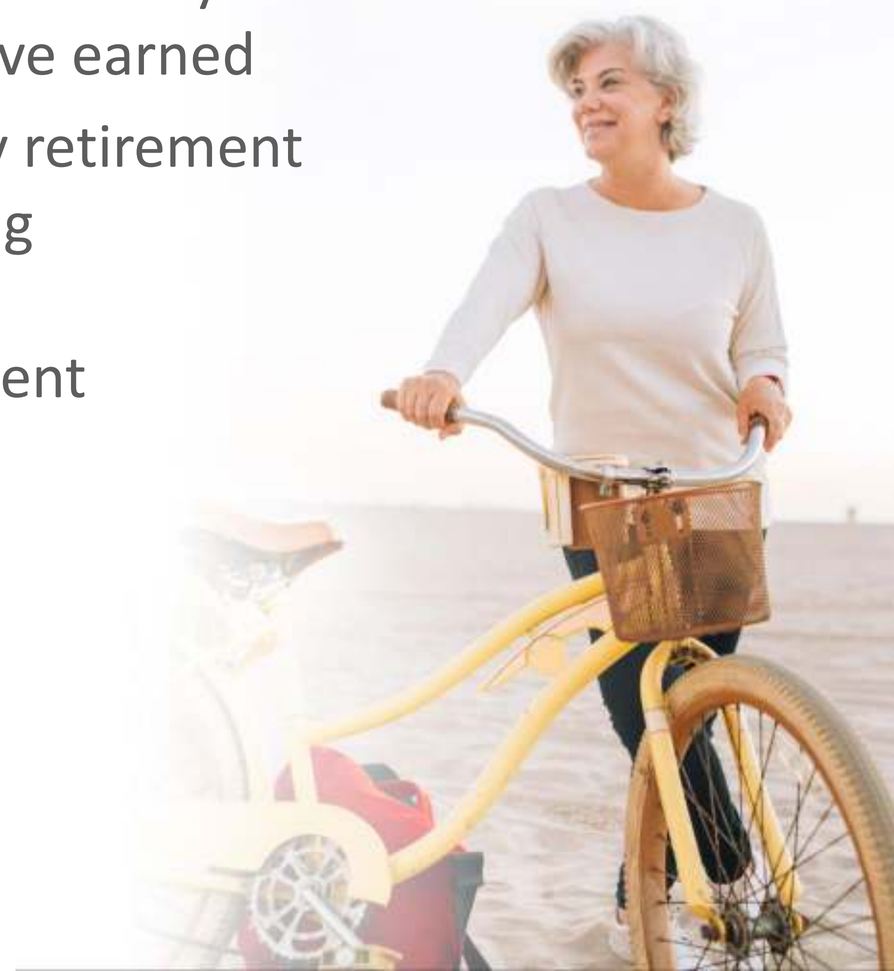
Social Security is the major source of guaranteed lifetime income for most Americans

4. Plan for Retirement

- Social Security provides retirement benefits
- Social Security also provides disability and survivor's benefits
- To qualify for retirement benefits, you generally need 40 credits (10 years of work), or you can qualify for spousal benefits based on your spouse’s work record (spousal benefit = 50%)

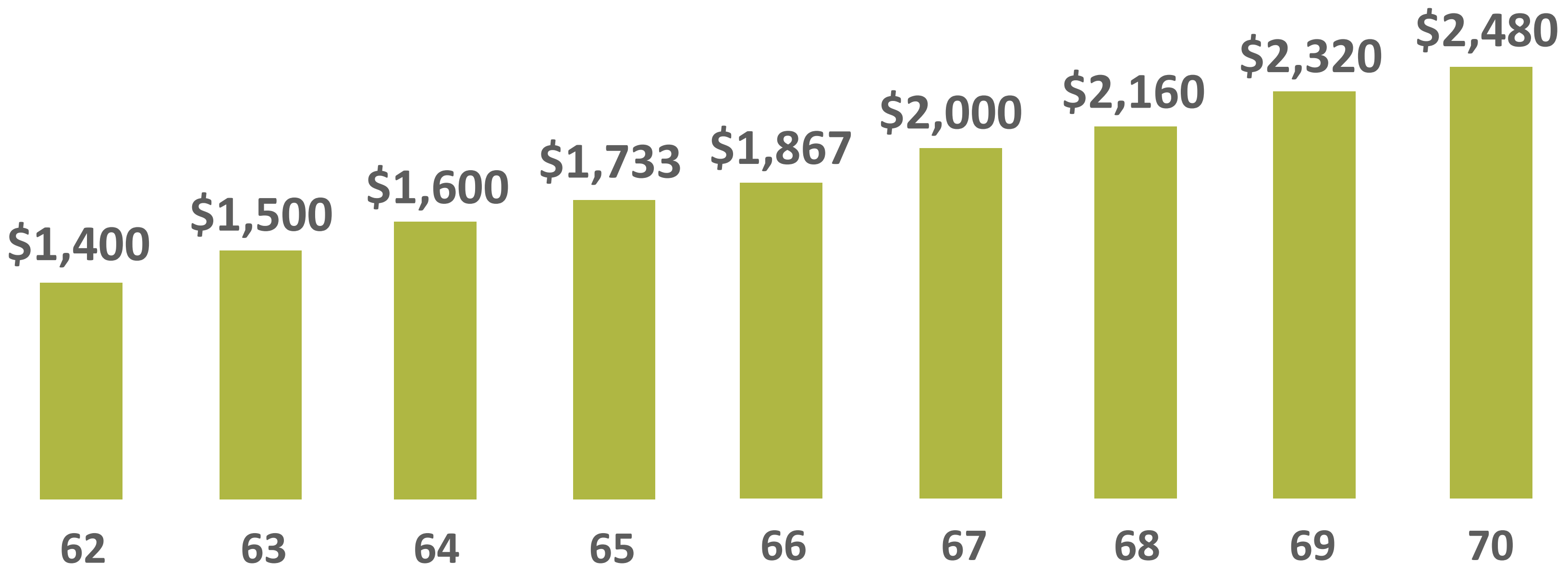
4. Plan for Retirement

- Your benefit is based on the number of years you've worked and amount you've earned
- Get an estimate of your monthly retirement benefit at www.ssa.gov and using the Retirement Estimator tool or viewing your personal statement
- Age at which you start claiming benefits matters:
  - 62 — 25% to 30% less
  - 66 or 67 (full retirement age)
  - 70 — 32% more



4. Plan for Retirement

Monthly Social Security Payout Depends on Age You Start Taking Benefits



These are hypothetical examples of mathematical principles based on Social Security Administration rules and are meant for illustrative purposes only.

4. Plan for Retirement

Other things to think about:

- When you'll retire
- Retirement expenses
- Dealing with a shortfall
- Health-care expenses
- Longevity issues
- Distribution options, order to tap accounts, safe withdrawal rate

5. Protect Your Income and Assets

- Life insurance
- Disability insurance
- Home and auto insurance
- Health insurance
- Long-term care insurance
- Trusts
- Business entities

6. Create an Estate Plan

An estate plan is simply a map that reflects the way you want your personal and financial affairs to be handled in case of your incapacity or death

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Incapacity

- Living will
- Health-care proxy
- DNR order
- Power of attorney
- Living trust

Death

- Will
- Testamentary trust
- No will — intestacy laws
- Will or no will — some property passes automatically (jointly owned property, property with designated beneficiary, trusts)

Overcoming Unexpected Obstacles

- Job loss
- Unplanned pregnancy
- Divorce
- Illness
- Financial help for adult children
- Caring for aging parents
- Loss of a spouse

What Financial Course Will You Chart?

It's all about **you**.

Your **goals**.

Your **dreams**.

Your **security**.

Thank You

Disclaimer

Content in this material is for general information only and not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

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