Women & INVESTING

Taking control of one's financial life is important for all of us, but women face unique challenges. Whether you are single, partnered, parenting, or planning for retirement, there's a lot to watch out for. By understanding the financial challenges most women face, you can be better equipped to avoid pitfalls and pursue the life you want.

BALLENTINE CAPITAL ADVISORS
A Different Degree of Wealth

Did You Know?

- Women represent **56.8%** of professionals in the American workforce.[1]
- **57%** of women participate in the U.S. labor force.[2]
- American women who turn **65** this year have a life expectancy of **86.7 years**.[3]
- American men who turn **65** this year have a life expectancy of **84.3 years**.[4]
- Median weekly earnings for full-time female workers are **82%** of their male counterparts.[5]
- Median annual income for mother-only family households is **$41,703**.[6]

Where men once dominated financial affairs, the growing presence of women in the workplace and as heads of households continues to be a paradigm shift. As women have taken more responsibility for their long-term goals and financial health, they have become a force to be reckoned with. This brings an array of unique financial needs.

Women investors face special challenges that make financial literacy and advanced planning especially important. For example, women are more likely to outlive their husbands or have divorce disproportionally affect them, making long-term financial strategies especially critical.

We developed this guidebook as a resource for women who are seeking perspectives on how to take control of their financial lives. We encourage you to take notes as you read, and we hope you will find the information useful as you look to the years ahead.

Challenges Women Face

What is your definition of a successful retirement? Do you see yourself relaxing with friends and family? Or are you moving from one career to volunteering, a small business, or some other personal endeavor? One of the things that can help your retirement feel like a success is forming an effective retirement strategy. A conversation between you and us can help you examine the challenges ahead and form your strategy.

While every woman and every family is different, research shows that American women face many of the following challenges:

In the U.S., there are 126 women for every 100 men aged 65 and older. At 85 and older, there are 187 women for every 100 men.

Source: "2017 Profile of Older Americans." Administration for Community Living, 2018.

WOMEN ARE LIKELY TO OUTLIVE THEIR SPOUSES

Based on research about life expectancies, on average, women outlive men. Losing a spouse is heart-wrenching, and in a family where the husband manages the finances, a widow might need to quickly take control of family accounts. Without a strategy, this transition can worsen an already stressful situation and lead to costly errors.

We can prepare for this eventuality by ensuring that every adult in the household is involved in managing family finances. However, a UBS study shows us that 56% of married women defer to their spouses on investments and financial planning.[7]

A report by Fidelity Investments also found the following statistics:

- Just 22% of women feel confident about planning for their long-term financial needs.[8]
- Only 24% of women feel confident about planning for retirement.[9]
- In the bigger picture, it becomes clear that regardless of whether you are partnered or single, it's important for you to take an active role in your retirement strategy. The key is to start the conversation and remain involved.

WOMEN EARN AND INVEST LESS THAN MEN

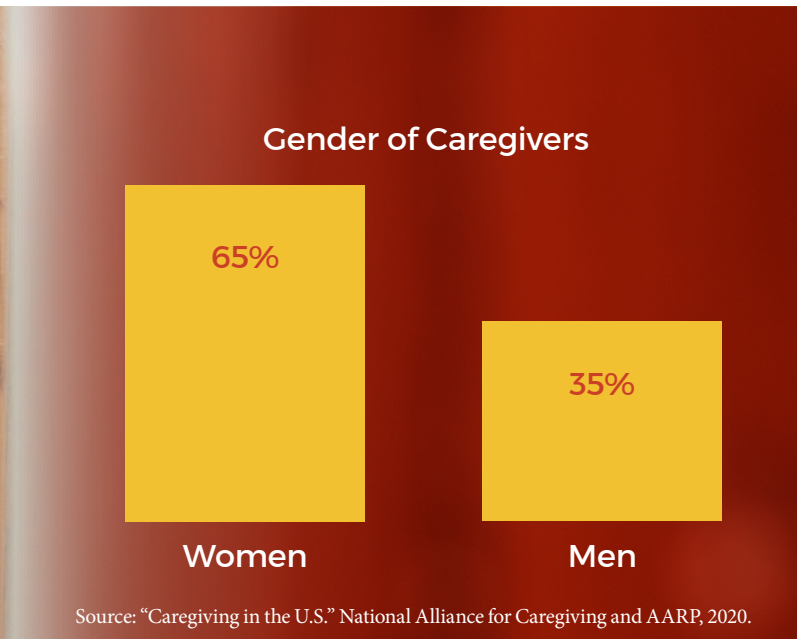
While there are many contributing factors, smaller paychecks and more time out of the workforce are two major causes of this disparity. There are a number of important life decisions that each of us makes; these decisions can affect our income and, consequently, our retirement.

Census data shows that despite the important strides women have made in the workplace, women's median annual income for full-time employment is still only 82% of men's — a difference that can add up to a lifetime loss of hundreds of thousands of dollars.[10]

Research also shows that women are more likely than men to be caregivers to their parents, children, and other relatives. While this is often an urgent and necessary decision for their family, it has the consequence of reducing their time in the workforce and their income.[11] Increased time out of the workforce results in lower lifetime earnings, less retirement savings, and less pension savings, compared to their male counterparts. These factors contribute to the earnings and savings gap between men and women, and can affect women's financial well-being in retirement.[12] In fact, women who leave the labor force early to serve as a caregiver can lose an estimated $324,044 in combined wages, Social Security benefits, and pensions over the course of their lives.[13]

WOMEN MAY BE MORE CONSERVATIVE INVESTORS

Research from Fidelity Investments suggests that women tend to invest in a slightly more conservative way than men.[14] Risk aversion — pursuing extremely conservative investments, or not investing at all and merely saving up



Source: "Caregiving in the U.S." National Alliance for Caregiving and AARP, 2020.

cash — may carry a notable opportunity cost. One recent analysis estimates that such a choice may lead to accumulating $3 million less in retirement savings over a 40-year period.[15] Another analysis finds that on average, women invest 40% fewer dollars than men do.[16]

On the bright side, Fidelity finds that female investors outperform male investors by about 0.4%; over time, their average account balances also tend to grow a bit more than those of their male counterparts.[17]

Investing conservatively can be a helpful strategy, but women must be aware they should not be overly conservative. Due to the strong correlation between risk and reward, behaviors such as not taking enough risk can inhibit your portfolio's ability to keep pace with inflation while meeting your income needs. Finding the right balance of risk and reward is key for successful investing. With strategic guidance and proactive choices, women can be very effective investors.

Women Can Be Highly Effective Investors

Women investors beat men's portfolio performance by 1.2% in one multi-year analysis, and by 0.4% in another.

Women churn their portfolios 45% less than men.

Source: "Why Women Are Better At Investing." Forbes, 2018.

WOMEN ARE DISPROPORTIONATELY AFFECTED BY DIVORCE

Divorce is a painful, but switching from a dual-income to a single-income household brings additional challenges for women. A divorced woman typically experiences a 27% drop in her standard of living, largely due to her likelihood of raising children alone and the financial obligations that accompany that responsibility. Meanwhile, a divorced man's standard of living improves by an average of 10%.[18]

In addition, divorced women may become solely responsible for their future earnings, savings, and retirement strategy, and they are much more likely to be the sole custodial parent; fathers account for only 1 in 5 custodial parents (19.6%).[19] Whether or not women have children, they can see their future income drop by more than 40% after a divorce.[20] As many women have found, there is life after a divorce; however, it is critical to anticipate and plan for its potential effects on their savings and retirement goals.

There is no doubt many women face unique obstacles to growing their wealth. Having a realistic perspective on your financial needs and proper planning can help you overcome these challenges and build a long-term strategy.

- Women older than 50 see their incomes drop an average of *41%* after a divorce.
- Men older than 50 see their incomes drop an average of *23%* after a divorce.
- Couples older than 50 are twice as likely to divorce today compared to their counterparts in 1990.

Source: "Divorce in Mid-Life: Fresh Starts, New Financial Challenges for Women." Merrill: A Bank of America Company, 2020.

Thriving During Life's Transitions

In every life, some rain must fall. Do you already know how to handle a difficult transition in your home life? Strategizing for the future is one of the most important aspects of your financial life. The time will come when you're facing important decisions. You want to make certain that, should difficulties arrive, you're an active part of the conversation. While you might not be able to get ahead of every situation you face, it's important to be confident that you can handle it on your own. That means that, if you are married or have a partner, you both know how to navigate these rough waters on your own, if necessary.

Engage your spouse, partner, or other family members in regular discussions. This way, everyone is kept informed of important financial plans and future goals. These discussions don't have to revolve around worst-case scenarios.

The challenges are real, but you don't have to be daunted by the statistics. Avoid doom and gloom projections by focusing on your future goals. What do you want for your retirement? What are your dreams and hopes? Including your family members in these conversations can help foster financial wellness for generations to come.

- *More than a third (37%) of women lack retirement savings, compared with just 20% of men.*

- *The average female pre-retiree has about $123,000 less in retirement savings than the average male pre-retiree.*

Survey: "Survey: Lacking Personal Finance Education Contributes to Fiscal Woes Later in Life; Millennials Seek Recourse." Laurel Road, 2019.

Understanding Investing as Young Adults

Men: 35%

Women: 23%

Existing Retirement Savings Balances

Men: 80%

Women: 63%

Emergency Fund on Hand

Men: 82%

Women: 66%

Understanding of Financial Terminology

Men: 52%

Women: 42%

Source: "Survey: Lacking Personal Finance Education Contributes to Fiscal Woes Later in Life; Millennials Seek Recourse." Laurel Road, 2019.

4 Investment Pitfalls to Avoid

#1: Failing to Plan for Longer Life Expectancy

As we have shared, women generally live longer than men. For that reason in particular, women should consider using investment strategies that balance a sustainable withdrawal rate with the right measure of risk, and consider inflation. Balancing these factors may help you have the income you need for the rest of your life.

#2: Failing to Plan for Health-Care Expenses

Because women have a longer life expectancy, long-term care can become expensive for them. According to the annual Genworth Cost of Care Survey, the yearly average cost of assisted living in 2018 was $48,000. The annual cost of a private room in a nursing home was $100,375. The average annual cost of having a home health aide was $50,336.[21] These costs are just a snapshot of key retirement health care expenses.

Considering their high costs and unpredictable nature, health care projections should be a part of your long-term financial strategies. Major medical expenses can easily wipe out retirement savings, but there are many strategies to help avoid outliving your money. With our assistance, you can make plans to help ensure you are able to address any medical needs without adversely affecting your retirement lifestyle.

#3: Making Decisions Out of Fear

Both men and women can be tempted to make drastic money moves in troubled times. A good strategy, however, takes good times and bad into account. When markets swing, a careless reaction can wreak havoc on even the most carefully designed investment plan. Many investors, both men and women, lost money in the mortgage meltdown of 2008. Some even cashed out near the bottom, fearing the markets themselves were collapsing. Not only did these investors lose money by selling low, but if their money is still sitting on the sidelines, then they've missed out on the financial recovery as well.

When major investment decisions are only a click away, many investors give in to their fears or exuberance, and they could pay the price for this short-term thinking. A recent DALBAR analysis found that the average U.S. investor lost 9.42% during the poor stock market year of 2018, even though the S&P 500 index only fell 4.38%; it noted that some of the difference was likely because of investor impatience.[22]

This sort of fear-based spilt-second decision can have consequences. As an example, a hypothetical investor who missed the stock market's 10 best days between Jan. 1, 1980, and Dec. 31, 2018 would have earned less than half of what she could have earned by staying invested the whole time.[23]

#4: Not Seeking Professional Guidance

Receiving advisory support from us can be a valuable tool as it may guide you toward decisions regarding your retirement planning goals. Unfortunately, many people may put off key financial decisions, sometimes for years.[24] This decision, however, could be direly affecting their potential to replace as much income as they need to for retirement. According to a 2018 study commissioned by Franklin Templeton Investments, 51% of baby boomer women have no long-range retirement income strategy. Neither do 55% of millennial women, and 67% of the women who belong to Generation X.[25]

Having access to the professional insight and resources you need to guide you in your financial life, and support long-term strategies, can make a big difference in your ability to retire your way.

As financial representatives, we spend our careers charting courses through turbulent markets, and it's our job to stay on top of ever-shifting economic, financial, and legal issues. By making time to create financial strategies and choosing to have guidance from professionals, women can more effectively overcome the odds stacked against them.

Leaving a Legacy

One of the rewards for hard work and effective wealth management is the joy of providing for your loved ones and the causes you care about. In our business, we have found that, as individuals and couples move into retirement, they begin to think more practically about the legacies they want to leave behind. With women commonly outliving their spouses, they are increasingly responsible for the final disposition of family assets. As a result, it is important to discuss in advance your family's estate-planning goals.

One of the greatest gifts you can leave your family is a life well lived — one full of love that serves as an example to others. While you take steps toward controlling your financial destiny, remember that the women in your life will look to you for support in their financial lives. As part of your legacy, you can pass down the awareness of a woman's need for building financial wellness throughout life. By setting this example and building a legacy that reflects your values, you can focus on leaving the world and the people you care about a little better than when you got here.

Women now own more than 50% of America's wealth.

And they are the primary breadwinners in more than 40% of U.S. households.

Source: "5 Facts About Women and Money for International Women's Day." Chime, 2020.

In a national survey, 55% of retirees admitted having regrets about the way they planned for their futures. The top regret (shared by 36%) was not saving enough earlier in life.

Source: "Retirement Survey." Global Atlantic Financial Group, 2019.

CONCLUSIONS & NEXT STEPS

We hope you have found this guide informative and educational. If there's one thing we hope you take with you from this report, it's that now is the time for you to examine your financial future. You can start by having a conversation with your spouse or family. Further, continue having conversations and learning about wealth management, financial strategies, and investing.

We also want to offer ourselves as a resource to you and your family. We are happy to answer questions about your current financial situation and future goals. We provide complimentary consultations at any time. Should you have any questions about what you have read here and what it means for your future, please reach out. We are ready to help you build the financial life you envision.

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These are the views of Platinum Advisor Strategies, LLC, and not necessarily those of the named representative or named broker/dealer, and they should not be construed as investment advice.

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