



How Women Can Overcome Four Financial Challenges

For women today, life can be a balancing act between family, career and personal obligations. At the same time, women often face unique challenges when it comes to managing their finances. If you are a woman working to build your financial confidence today and tomorrow, understanding key challenges is the first step to overcoming them.

Challenge #1 – The income gap

According to the Bureau of Labor Statistics, median weekly earnings for women age 16 and older was 82 percent of the amount earned by men in the same age group.¹ This earnings disadvantage can affect how women manage living expenses and long-term goals like retirement or saving for a child's college tuition.

How to overcome the income gap

You can help close the gap in several ways. First, keep informed of salary trends for your industry, role and job experience, and use the knowledge to negotiate your future compensation. Second, take full advantage of your workplace benefits – both financial (e.g. stock options, retirement plans) and nonfinancial (e.g. fitness center, onsite healthcare). Aim to set aside 10-15 percent of your income in your retirement plan – or at least enough to capture the matching contribution offered by your employer, if applicable. And third, invest wisely according to your risk tolerance and time horizon. Diversifying your investments and staying invested over time can help you achieve your long-term objectives.

Challenge #2 – The likelihood of a longer retirement

According to the National Center for Health Statistics, life expectancy for U.S. women exceeds that of men by five years (81.1 years for women vs. 76.1 years for men as of 2016).² While five years may not seem like much, rising inflation and healthcare costs may require retirees to save more to cover expenses in retirement.

How to plan for longevity

Life expectancy trends serve as a reminder to pay yourself first. Commit to saving part of each paycheck, even if it's only a modest amount to start, as well as any windfalls you receive (e.g. tax refunds, bonuses, commissions). If you're near retirement, carefully select the timing of when you, or your spouse if you're married, begin claiming Social Security benefits. Your monthly benefit increases with time, which can be an important piece of your retirement paycheck.

Challenge #3 – Balancing multiple priorities

Life can be a juggling act for many women who are balancing their career with raising children or caring for an aging parent. It is also not unusual to see women take the lead on caring for aging parents or other family members. Such significant commitments can limit the time that can be devoted to pursuing career goals and making sure financial plans are on track.

How to balance multiple priorities

Decide what your collective financial goals are, and determine a process for saving, paying bills and handling other financial tasks. Good communication about your priorities can help alleviate pain points and anticipate future expenses. If you have children, it's never too early to start saving for their college tuition. That said, it's important to prioritize preparing for your own retirement first. Remember, your child could have scholarships and loans to help with college expenses. The same options are not available for your retirement. Consider creating a plan that will help you make meaningful progress toward both goals.

Challenge #4 – Coping with major life changes

No matter how carefully you plan your life, you will experience occasional curveballs. For example, divorce can create a situation where income that formerly supported one household must now be split between two. The death of a spouse can have a dramatic financial impact on the future income of your family. Other unanticipated events can also have financial considerations.

How to plan for uncertainty

Building up your liquid savings is a great place to start. Having adequate savings can give you the flexibility to respond to changing circumstances quickly. Additionally, evaluate your insurance policies to ensure you have the proper protection in key areas, including life, health, disability, and long-term care. If you've experienced divorce or widowhood, update the beneficiaries on each of your accounts to reflect your wishes.

Start planning today

It's easy to let financial planning take a back seat to family, career and other demands. Consider partnering with a financial advisor who can help you navigate the unique challenges and goals you have. Know that whatever your current circumstances, diligent planning, saving and investing can help you reach your financial goals.

¹ U.S. Department of Labor, Bureau of Labor Statistics, "Women's and men's earnings by age in 2016," August 25, 2017.

² Kenneth D. Kochanek, Sherry L. Murphy, Jiaquan Xu, Elizabeth Arias, "Mortality in the United States, 2016," National Center for Health Statistics Data Brief, No. 293, December 2017.

Rick Carlson, CFP®, APMA®, MBA, CERTIFIED FINANCIAL PLANNER™ Professional and Martha Klatt, MS, APMA® are Financial Advisors with Carlson Advisors, A financial advisory practice of Ameriprise Financial Services, Inc. in Tomah, WI. They specialize in fee-based financial planning and asset management strategies and has been in practice for 21 years to contact them, www.carlsonadv.com, 608-372-9444, 1500 N. Superior Ave. Ste 2, Tomah WI, 54660.

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