

Financial Strategies for Women Investors

Today, women are playing an ever-increasing role in making important financial decisions – whether for themselves or for their families. While many of the basic rules of investing hold true for all investors, some life events affect women differently than men and can have an impact on investment decisions. Women might want to give some special consideration to the following areas:

Longer life expectancy. People are living longer these days, and conventional wisdom will tell you that women tend to outlive men. In fact, studies have confirmed this is the case. According to the National Center for Health Statistics, women outlive men by an average of more than five years.* Women often end up facing more years in retirement than men. To prepare for such a situation, women need to implement strategies catered to possible long-term needs.

Being on your own. Statistics also show that women have a very high probability of being on their own at some point in their financial lives – not only as a result of a spouse's death but also because of divorce or choosing to remain single. Dropping from two incomes to one would obviously require making some adjustments. It's important to think about alternatives in the event you should be faced with a similar situation.

Time spent out of the work force. When caring for children – or an elderly parent – women tend to spend more time away from work than men. Some surveys have shown that, on average, women spend more than a decade out of the work force. The implications for women with regards to investments are clear: They will likely have less time than their male counterparts to contribute to their retirement nest eggs.

While these are just some of the many important considerations for women investors, there are also several simple steps women can take to help come up with an effective financial strategy.

Look for ways to learn about investments. The financial press and financial web sites are loaded with information about investments and alternatives. Remember, however, not every source is reliable.

Seek advice from a professional. Enlisting a financial advisor to help with your investments does not take away from your ability to make the final decisions. It does, however, provide someone you can turn to for guidance as you make those important decisions.

Have a plan. Take the time to assess your current financial situation to help get a clear picture of where you stand. Make a list of your financial goals and then develop strategies to meet them. Keeping in mind the special circumstances we mentioned earlier, you can chart a course of action that will help you to meet any future challenges.

* CDC, NCHS, http://www.cdc.gov/nchs/products/life_tables.htm

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