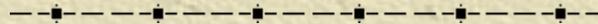


*Women and Finances:  
Challenging common financial myths*

Hosted by  
Evelyn Zohlen and Neta Gagen

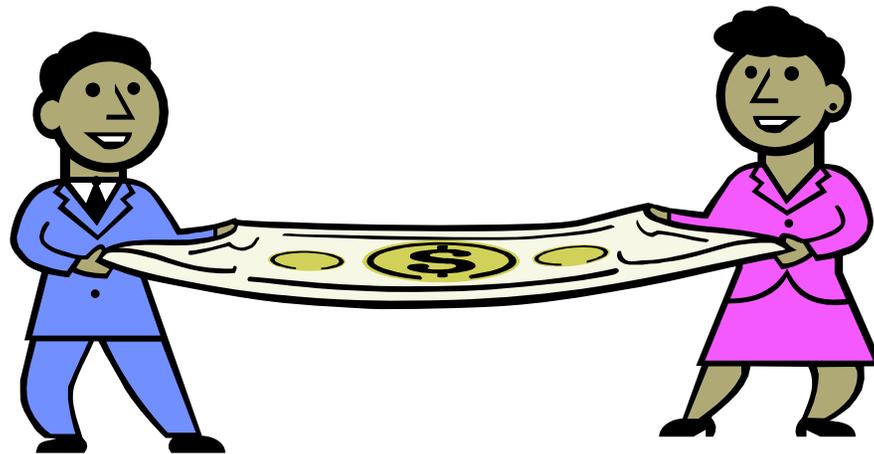


# *Our conversation today:*

- ✦ Welcome and Housekeeping
- ✦ Breaking Down Our Financial Myths
- ✦ Answering Your Questions

# *Myth 1*

“Money does not care if you are a man or a woman.  
Our financial challenges are all the same!”



# *Myth 1: The Good News*

*Women today are moving up in the workplace...*

- ✦ Hold 46% of management and professional jobs
- ✦ Represent nearly 16% of all corporate officers in the Fortune 500
- ✦ Own 6.2 million businesses
  - One in 11 women is an entrepreneur
- ✦ Nearly half of all privately-held U.S. firms are 50% or more women-owned

# *Myth 1: The Good News*

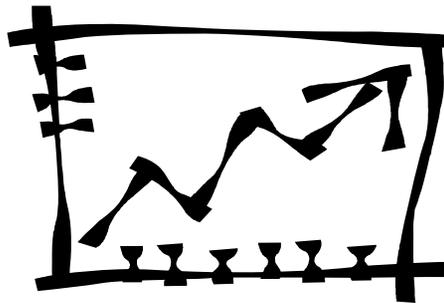
*Women today have more economic clout...*

- ✦ Comprise 1.3 million of the top wealth-holders, with a combined net worth of almost \$1.8 trillion
- ✦ 43% of those with \$500,000+ in financial assets are women
- ✦ Control almost 60% of the wealth in the U.S.
- ✦ Are the primary purchasing decision-makers in 80% of the nation's households
  - Buy nearly half of all new cars 
  - 20% of first-time homebuyers are single women 

# *Myth 1: The Good News*

*Women today are more knowledgeable investors...*

- ✦ 44% consider themselves very or somewhat knowledgeable
- ✦ Outperform male investors by a 5% average rate of return
- ✦ 55% have a “save for tomorrow” attitude
  - Save, on average, almost 2% more annually than men



# *Myth 1: The Not-So-Good News*

- ✦ Women live five years longer than men
  - Average age of widowhood is 56
  - 25% of widows go through husband's death benefits in two months
- ✦ One in two marriages end in divorce
- ✦ Women are out of the labor force an average of 11.5 years for child rearing
- ✦ Women wish they knew more about finances
  - 76% wish they had learned more about investing growing up
  - 63% do not understand how a mutual fund works
  - Only 52% have invested for retirement
- ✦ Nine out of 10 women will be solely responsible for handling their finances at some point during their lives

# *Myth 1*

“Money does not care if you are a man or a woman.  
Our financial challenges are all the same!”

*Bottom line: Money is the same for everyone.  
However, women face unique financial  
challenges due to a variety of factors including  
our work patterns and overall longevity.*



## *Myth 2*

“I have a trust, but now that my husband has died, I will add my children to my home title.”



*Myth 2: “I have a trust, but now that my husband has died, I will add my children to my home title.”*

- ✦ Creates a taxable, irrevocable gift
- ✦ Heirs lose step-up in basis
- ✦ Exposed to children’s liability issues
- ✦ Children may not agree on disposition of house

## *Myth 2*

“I have a trust, but now that my husband has died, I will add my children to my home title.”

*Bottom line: Keep your home, and all other real estate, in your trust to avoid probate and to ensure your wishes are followed.*



## *Myth 3*



“My money has to last me another 20 to 30 years and I don’t want to risk losing it. I will invest it all in guaranteed CDs.”

*Myth 3: “My money has to last me another 20 to 30 years and I don’t want to risk losing it. I will invest it all in guaranteed CDs.”*

- ✦ Risk is more than just market volatility
- ✦ May lose purchasing power to inflation
- ✦ Time smoothes volatility and reaps market performance
- ✦ “Prudent Man Rule” – Courts, endowments, and large pension funds know not to keep all eggs in one basket!

## *Myth 3*

“My money has to last me another 20 to 30 years and I don’t want to risk losing it. I will invest it all in guaranteed CDs.”

*Bottom line: Diversify your money across a wide range of assets (stocks, bonds, cash, etc.) in percentages that are appropriate for your investment horizon to ensure that your money lasts as long as you do!*



## *Myth 4*

“I do not need long term care insurance. I have Medicare and my Medigap supplemental policy to cover me.”



*Myth 4: “I do not need long term care insurance. I have Medicare and my Medigap supplemental policy to cover me.”*

- ✦ Generally, neither Medicare nor Medigap supplemental insurance policies cover long term care
- ✦ High cost of long term care, in-home or in a facility, can quickly drain resources
- ✦ Women with net worth between \$500,000 and \$2 million likely need long term care insurance
- ✦ Women are most vulnerable because they live longer

## *Myth 4*

“I do not need long term care insurance. I have Medicare and my Medigap supplemental policy to cover me.”

*Bottom line: Protect yourself and preserve your assets by researching and purchasing a long term care insurance policy. Policies are most competitive when purchased in your mid-50's; however, coverage is worth pursuing even into your 70's. Better late than never!*



# Myth 5



“My son is terrible with money so I have named my daughter as my IRA beneficiary. She can give my son his half after I die, if he needs it.”

*Myth 5: “My son is terrible with money so I have named my daughter as my IRA beneficiary. She can give my son his half after I die, if he needs it.”*

- ✦ Beneficiary has no obligation to “share the wealth”
- ✦ Could create intense resentment and possible legal action between siblings
- ✦ Possible solution:
  - Split IRA into 2 accounts naming each child the beneficiary one of account
  - Invest son’s account in an annuity that would generate monthly income for him

## *Myth 5*

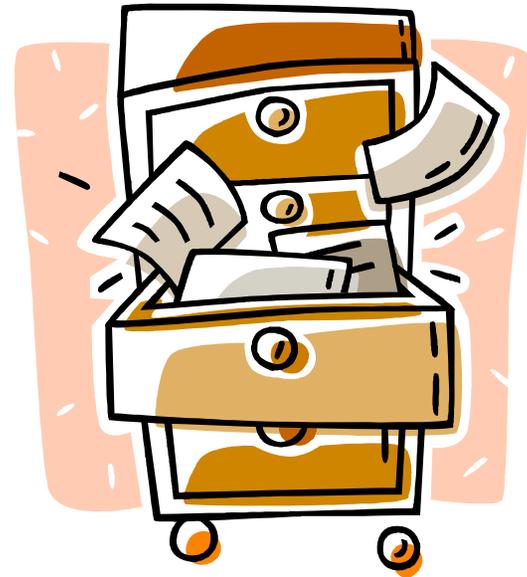
“My son is terrible with money so I have named my daughter as my IRA beneficiary. She can give my son his half after I die, if he needs it.”

*Bottom line: Beneficiary designations are one of the most complicated and misunderstood areas of financial planning. Mistakes here may be costly and irreversible so consult a qualified professional to evaluate your options before making a decision.*



## *Myth 6*

“My husband must have 30 files from as many companies for all our investments. Investing with so many companies will ensure that we are diversified!”



*Myth 6: “My husband must have 30 files from as many companies for all our investments. So many companies will ensure that we are diversified!”*

- ✦ Diversification does not mean chaos!
- ✦ Extensive investment diversification can be achieved through a single account
  - Strive to have only one (two, maximum!) account for each ownership entity (trust, separate property, IRA, community property, etc.)
  - Even multiple CDs can be held in one brokerage account
- ✦ Keep all investment and insurance files in a central location and annually update a list of account numbers, locations, and phone contacts for quick access in an emergency

## *Myth 6*

“My husband must have 30 files from as many companies for all our investments. Investing with so many companies will ensure that we are diversified!”

*Bottom line: Simplify your life and ensure better diversification by consolidating accounts where appropriate. Keep all investment files in the same spot with contact information handy.*



# *Myth 7*



“I know that we will be very happy when we get married and merge our families. We will merge all our finances at that time, too.”

*Myth 7: “I know that we will be very happy when we get married and merge our families. We will merge all our finances at that time, too.”*

- ✦ Essential that you keep any prior divorce settlement assets separate from your new community assets
- ✦ Generally recommend naming your children as beneficiaries of the settlement accounts to ensure they receive the assets
- ✦ Many creative ways to keep property separate without leaving new spouse and family “in the cold”

## *Myth 7*

“I know that we will be very happy when we get married and merge our families. We will merge all our finances at that time, too.”

*Bottom line: This discussion and its resolution may be the most important preview of the success of the pending marriage. Unresolved sex and money issues are the highest cause of failed relationships so seek qualified financial, legal and family counseling help immediately!*



# *Your “Myths”?*

- ✦ What are financial planning or investment myths that you have heard?
- ✦ What other questions do you have that you always wanted to ask but never did?



# *The Wrap*

- ✦ Thanks for joining us for tea this afternoon!
- ✦ Think a friend might be interested in these topics? We're happy to send her the information!
- ✦ We welcome your feedback! Let us know what you'd like to see!

