SEVEN FINANCIAL MANAGEMENT STRATEGIES FOR WOMEN

By 2030, women will control about 66 percent of America's wealth, thanks to the intergenerational wealth transfer coming from baby boomers to their spouses and heirs. Yet, when asked whether women think they will be able to retire comfortably, only about 12 percent said yes, and a persistent confidence gap between men and women remains when it comes to money management. Women now hold the majority of consumer spending power, so it's important that they have the right tools to manage their money more efficiently. We offer some tips and guidance below.

1. Review and Understand Your Tax Returns

People tend to rely heavily on their accountants and tax preparers to handle their tax returns, and many end up signing and dating them without a proper understanding of their assets. Instead, pay close attention to things such as your adjusted gross income (AGI). How much did you and your partner earn together this year? Is your spending under control?

Examine your investment accounts (e.g. your 401(k), IRA and others) across your portfolio. Are there any contribution amounts that are tax deductible? On a tax return, these accounts typically fall under schedules B, D, and E, and you should double-check them to make sure nothing was missed.

2. Save as Aggressively as Possible, and Max Out Your Retirement Contributions

Regardless of your financial status, prioritizing your retirement goals is key, and the more you start saving today, the more comfortable you will be when it is time to retire. Women live an average of six to eight years longer than men, so saving should be viewed as a never-ending priority. Start with a review of your finances and make sure you are finding ways to increase savings while only spending on things that are important to you.

Part of that plan should include making the maximum contributions to your retirement accounts. The odds are that, at this stage, you have a 401(k) account that is sponsored by your employer, and perhaps some other accounts as well. Many companies will match your contributions up to a certain percent, oftentimes as much as six percent.

Consider maxing out your contribution every year. The maximum contribution amount allowed for 2021 is $19,500, and if you are over 50, you can make an additional "catch-up" contribution of $6,500. Max out contributions to your other retirement accounts, as well, such as traditional or Roth IRAs, especially if you are still earning income. IRA contribution limits for 2021 are $6,000, but if you are over 50, you can contribute $7,000.

3. Protect Yourself and Your Family

For many women, the work to achieve financial independence is important, and you never can be too prepared. As a rule of thumb, everyone should have his or her own savings accounts, and if you are a married woman, you should keep an investment account and some other assets in your own name in case something unexpected arises (such as the sudden death of your partner, divorce, or a health crisis).

4. Make Sure You Have Adequate Long-Term Disability & Life Insurance in Place

If you are the breadwinner in your family, do you know whether there is adequate life or disability insurance in place to protect your family should something happen to you? These plans can get extremely complicated and come with many options, but they should be part of your financial plan.

It is also important to start considering the cost of long-term care (LTC) as you edge closer to retirement The cost of LTC can end up as an out-of-pocket expense with the potential to wipe out years of retirement savings, so it's important to consider an LTC plan and make sure you and your partner are covered.

5. Implement an Estate Plan

Estate planning is one of the most important components of financial health, but men and women often overlook it. Life circumstances can change quickly, and if you or your partner becomes incapacitated without a plan in place, assets will likely be managed by the government, which could take several years to sort out. Having an estate plan with detailed instructions for the way you would like your assets managed and distributed will help you and your family be prepared. Create a plan, review it annually, and work with your financial advisor and an attorney to make sure your plan is sound.

6. Understand Your Own Risk Tolerance and Invest Accordingly

It is widely known that women are more conversative than men when it comes to investing. While it is wise to be risk-averse, it's also worth considering investments outside of bonds, annuities and CDs that do not offer a lot of growth. Be cognizant of your needs and what you are willing to tolerate in terms of risk, but make sure you consult with your financial advisor about the possibility of reallocating a small percent of your portfolio to avoid missing out on potential growth opportunities, even in your later years. Talk about what it means to have those types of investments as a part of your portfolio.

7. Find the Right Financial Advisor

Obviously, planning your financial future takes time, skill, and the right guidance. Finding the right financial advisor will help give you another perspective so you can focus on meeting your goals, navigating through events in your life, and retiring comfortably. Click here to find the right B. Riley financial advisor – for you.