



Women

— & INVESTING —

How to Take Control of Your Financial Life

North Light Financial Services

You already know the importance of investing for your long-term financial picture. What you may not realize is that women face unique life situations that can make investing in their futures especially challenging. By understanding these issues, you can be better equipped to pursue the financial future of your dreams.

We're on the cusp of an extraordinary time in financial history. Over the next decade, a large amount of wealth will be transferred to the next generation. It's estimated that as much as \$30 trillion in financial assets could be in the hands of women by 2030.¹

However, women investors may face life events that make financial literacy and advanced strategizing especially important. Life changes like outliving a partner, divorce, and becoming a primary caregiver for a loved one can all affect one's financial earning and investment potential.

This guide is designed to encourage you to take control of your financial life. By helping you prepare for potential challenges, your financial professional may be able to help you be better prepared for whatever lies ahead.

THE PATH TO INVESTING AND RETIREMENT

No two paths to investing and retirement are the same, and that's especially true for women. While many women choose to get married and have children, others choose to chart their own course, independent of a traditional family structure.

Examine your life as it is now and compare it to what you want for the future. This will help you prioritize what's important to you, and how you envision your eventual retirement. Do you see yourself relaxing with friends and family? Or are you starting a small business and traveling the world? A conversation between you and a trusted financial professional can help you examine the challenges ahead and form your strategy.

Regardless of your vision, there are a few challenges that may affect your ability to prepare for retirement.



CHALLENGE #1: WAGE AND EMPLOYMENT GAP

While many factors contribute to the wage and employment gap faced by women, smaller paychecks and more time out of the workforce are two major causes of this disparity. Depending on a woman's race and ethnicity, she may earn anywhere from 55% to 90% of what men earn in the same type of employment. Earning less means that less money is available for investing and saving. Because women have a longer life expectancy than men, they may need to save more money to help their retirement investments last as long as their lifespans.²

Census data shows that despite the important strides made by women in the workplace, a woman's median annual income for full-time employment is still only 82% of a man's—a difference that can add up to a lifetime loss of hundreds of thousands of dollars.³

While the wage gap is a systemic issue, you can take charge by thinking of yourself as a breadwinner, keeping records of your professional accomplishments, and looking for growth opportunities. Don't be afraid to apply for that promotion, switch to a better-paying job, and pursue that well-deserved raise.

CHALLENGE #2: CAREGIVING

You don't need to have children to become a caregiver. Caring for an ill or aging loved one is physically, mentally, and emotionally draining. It may also be a financial drain, especially when a career break is necessary.

Putting your career on hold may be an urgent and unavoidable step, but it has the consequence of reducing your time in the workforce and thus results in lower lifetime earnings, less retirement savings, and lower Social Security benefits. Sixty-two percent of all family caregivers are women, research shows. And that responsibility often comes before retirement: 31% of women are or have been caregivers during their working careers. In many cases, families assume that a



woman will step into a caregiving role without an honest discussion about the outcomes.⁴

It's important to have honest conversations about caretaking expectations and discuss all the resources available to those who may need care. If a loved one's long-term plan relies on you leaving work to take care of them, pause to consider your own personal and professional goals. A frank discussion with your financial professional about your retirement strategy can help paint a bigger picture.

CHALLENGE #3: UNEXPECTED LIFE CHANGES

We all know that change is one of the few constants in life. Some changes are positive: an unexpected promotion, your child going away to a great college, a record business year that puts you solidly in the black. Other changes are challenging: the end of a marriage, the death of a loved one, losing a job you loved.

Any type of life change can affect your financial strategy, but when it comes to divorce or the end of a relationship, women are statistically more likely than men to suffer financial loss. While divorce rates in the U.S. are down overall, divorce among women aged 55–64 years has tripled since 1990, and for those aged 65 years and older, it's six times higher.⁵

Whether positive or negative, change can put stress on your investment strategy. As you weather life's ups and downs, it's important to periodically review your investment strategy to see that it still fits your current situation.

A photograph of a woman with long blonde hair smiling while holding a baby. Another woman with dark hair is standing next to her, looking towards the baby. The image is overlaid with a semi-transparent teal filter.

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5 EMPOWERING INVESTMENT STRATEGIES FOR WOMEN

#1: DEVELOP A STRATEGY

Developing a financial strategy can seem daunting, but it doesn't have to be. Think about how you envision your ideal future. Do you have debt you want to pay off, a home you'd like to buy, or higher education you want to fund for yourself or a loved one? Prioritize your goals, and start building your savings strategy from there.

#2: GET STARTED

Regardless of your financial situation, one of the best things you can do for your future self is to start moving toward your goals today. Get in the habit of paying yourself first, and make investing part of each paycheck a consistent habit (automatic withdrawals are great for this). Even if you start small, you can always increase your contributions as your financial situation changes. Every little bit helps. Thanks to the magic of compound interest, time is one of the best assets you have when investing. Being conservative with your accounts may seem less risky, but it can do more damage in the long run.

#3: INVEST LIKE A WOMAN

It's a common misconception that women prefer a "hands-off" approach to their financial lives, even though the numbers don't support this stereotype. Rather than being timid with money, today's women investors are taking appropriate levels of risk. Women may trade less than men, but research shows that when it comes to investing, men tend to be overconfident in their abilities. Specifically, men trade 45% more than women, and this tends to reduce their overall net returns (an effect that is compounded by the





higher taxes, commissions, and fees that may result from trading).⁶

What does it mean to invest like a woman? It means taking healthy, age-based risks and investing regularly for the long term. Work closely with your financial professional before diving into something that may look enticing but may ultimately detract from your goals.

Investing involves risks, and investment decisions should be based on your own goals, time horizon, and risk tolerance. The return and principal value of investments will fluctuate as market conditions change. When sold, investments may be worth more or less than their original cost. Past performance does not guarantee future results.

#4: BUILD A TEAM

Confident investors are only as strong as the support team around them. Wise advice from a trusted professional can save you time and keep you on track to achieve your investment and retirement goals. Regular check-ins can help you adjust your strategy, especially if there's been a change to your goals, dreams, and/or life situation. By extension, a wider support team comprised of estate, tax, and legal professionals can work in conjunction with your financial professional to help you pursue the financial future you have in mind, no matter what life throws your way.

#5: NEVER STOP LEARNING

It's never too late to become an empowered and engaged investor. Adopt the mindset of a learner. Stay curious, and keep having conversations whenever you can about wealth management, financial strategies, and investing. Take advantage of the resources available to you to learn everything you can. And most importantly, don't be afraid to ask questions of the experts in your life. Your financial professional's goal is to help you build the financial life you envision and the future you deserve.

Sincerely,

North Light Financial Services Team



*It's never too late to become an
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