

LET'S CRAFT YOUR FUTURE



RETIREMENT PLANNING **FOR WOMEN**

7 Strategies for Success

BEING A WOMAN IS EXPENSIVE IN AMERICA.

Women live longer than men and receive less Social Security income on average. Although the wage gap seems to be closing, it still affects women's retirement plans. Many women pause their careers for childbirth and childcare, further impacting their earnings potential. There's even the so-called Pink Tax, in which women pay more than men for equivalent products and services.

Women may be starting to close the investment gap, but there's still a long way to go. Let's look at the challenges, and then the opportunities for women who want to create powerful retirement plans.

WOMEN FACE CHALLENGES TO A SUCCESSFUL RETIREMENT

Retirement planning is important for everyone, but it's especially crucial for women. Longer lifespans, lower earnings, and higher expenses create a gap that can make a significant difference in women's retirement plans:

Women are 2.5 Times More Likely to Outlive Their Savings

WOMEN MUST PLAN FOR MORE YEARS IN RETIREMENT.



MEN'S AVERAGE LIFE EXPECTANCY

74.5

Men have a **5%** chance of outliving their retirement savings.



WOMEN'S AVERAGE LIFE EXPECTANCY

80.2

Women have a **12.6%** chance of outliving their retirement savings.

Sources: WorldData.info – "Life Expectancy"

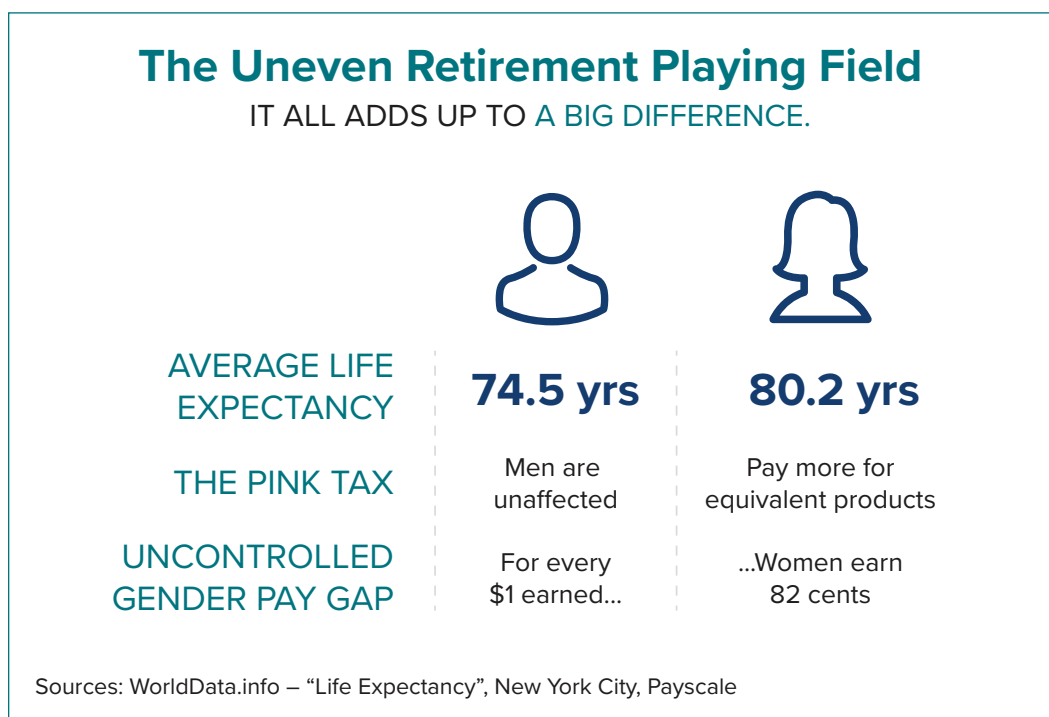
"Brookings Institute – "How does gender equality affect women in retirement?"

HIGHER LIFE EXPECTANCY: Research shows that women outlive men almost everywhere in the world. In the US, the average life expectancy for women is just over 80 years, compared with 74.5 years for men. Although this may not seem like a significant difference, it means that women are 2.5 times more likely to outlive their savings than men, according to some predictive models. One reason women's retirement plans are fundamentally different from men's is that they simply have more years to account for in their financial plans.

THE PINK TAX: A great deal of research shows women pay more than men for equivalent products. Thanks to import taxes that charge more for women's apparel than men's, women face higher prices on clothing from the start. Additionally, a study in New York City found that females pay more for equivalent products in over 85% of analyzed categories. This "Pink Tax" couples with other factors to make it even more expensive to be a woman in the U.S.

GENDER PAY GAP: If you measure the median salaries earned by men and women in 2022 (the "uncontrolled" pay gap), you'll find that women earned, on average, 82 cents for every \$1 men earned, which is unchanged from in 2021. By accounting for men and women with the same job and qualifications (the "controlled" pay gap), the disparity closes to 99 cents for every \$1 earned by men. Many studies show that women simply earn less than men, which greatly impacts retirement planning decisions. With considerably less money to invest on average, women must make more savvy investment decisions to make their money last throughout their lives.




RACIAL DIFFERENCES EXACERBATE THE GENDER PAY GAP: According to Payscale.com, the uncontrolled pay gap for American Indian and Native Alaskan women in 2022 showed the widest gap, earning just 71 cents for every \$1 that white men bring in. Hispanic and African American women didn't fare much better, making 78 and 79 cents per \$1, respectively. This large uncontrolled gap shows that women in these racial groups are likelier to work lower-paying jobs.



This challenging trifecta of higher life expectancy, lower lifetime earnings and more expensive products means women face unique challenges when approaching their retirement investments. Given that only a quarter of all financial advisors in the U.S. are female, women investors can benefit from understanding the implications for themselves as they make decisions for their financial futures. However, when it comes to investing, women have advantages that can lead to positive outcomes.

WOMEN TEND TO INVEST DIFFERENTLY THAN MEN

While women may earn less than men on average in terms of wages, contrasts in investing styles can make a difference in their investment portfolios.

-  **REDUCED TRADING ACTIVITY:** Women are less impulsive investors than men—and have been for some time. According to a [University of California](#) study in the 90s, male investors traded 45% more frequently than women. These trades reduced the net returns of male portfolios by 2.65% per year, while women's trading habits reduced their returns by just 1.72%. More recently, [Wells Fargo](#) found that single women trade 27% less frequently than their male counterparts, indicating that this difference has stood the test of time. In the seemingly indefinite market volatility our world faces, reduced impulsivity could be an increasingly valuable trait.
-  **IMPACT INVESTING AS A PRIMARY MOTIVATION:** Values-based investing is more important to women than to men. According to [market research firm Cerulli Associates](#), 52% of women would prefer to invest in companies that have social or environmental impacts, as opposed to 44% of men. Women may see their affinity for impact investing pay off as this investment category continues to garner further attention and importance in our transforming society.
-  **DIFFERENCES IN SOCIAL RISK-TAKING:** Despite a common belief that women are more risk-averse investors than men, there are certain conditions in which women take greater investment risks. A 2020 [Harvard Business Review study](#) found that impact investment firms with more women in their decision-making teams accepted considerably greater risks when investing in social-impact issues.

WOMEN INVESTORS ON THE RISE

On the professional side, research shows that women working in finance are often more disciplined investors than their male counterparts, and that they performed better than their male colleagues in recent market challenges. Additionally, differences in investment philosophies can encourage women working in finance to take more calculated social risks. These risks, as defined by Harvard Business Review, include making decisions that consider important human or social consequences in addition to financial outcomes.

The positive aspects of women's investment activity are adding up. The differences are becoming real:

➡ **LONG-TERM OUT PERFORMANCE:** Research by Fidelity found that, from January 2011 to December 2020, women's accounts outperformed men's by 40 basis points. To exemplify how this seemingly small difference can compound over time, a \$1,000,000 investment account that generates a 5% return year-over-year for 10 years ends with a value of 1,628,895. The same account generating a 5.4% return results in \$1,692,022, a difference of over \$63,000.

➡ **LACK OF INVESTING CONFIDENCE:** Although women's portfolios outperformed men's portfolios over the past decade, just 9% of women think they're better investors than men, according to Fidelity. However, as time goes on and the differences in investing styles and outcomes become more pronounced, more people may recognize the growing influence of female investors.

➡ **A GROWING PROPORTION:** Women now control a third of the world's wealth and increase their wealth as a group at a pace greater than the overall rate. In 2020, women were adding wealth at a rate of \$5 trillion per year, according to research from Boston Consulting Group.

Women can flip the script and improve their retirement outlook.



BETTER INVESTING HABITS
INCREASING PROPORTION OF WEALTH
LONG-TERM OUTPERFORMANCE

Women invest less impulsively than men.

Women now control over a third of the world's wealth.

Investment accounts have shown higher average returns.

Sources: University of California, Boston Consulting Group, Fidelity Investments

As women investors influence more of the world's wealth, financial advisors and wealth managers are becoming more attuned to their needs. Already, BCG has found that women are more likely than men to switch financial advisors. Wealth management firms that don't treat women with the respect they deserve are increasingly on the chopping block.

7 KEY STEPS FOR WOMEN TO CREATE A POWERFUL RETIREMENT PLAN

The wage gap, the Pink Tax, and longer life expectancy may appear to threaten the retirement security of women in general, but research has proven that women don't need to be afraid of taking control of their financial plans. In 2023, the momentum is far greater than the obstacles: women are empowered to create the retirement plan of their dreams.






Here are 7 strategies women can use to stack the odds in their favor:

- 1** Your retirement paycheck: Increasingly, women are moving past “lump sum” planning—“I’ll retire once I accumulate \$1 million”—to better understand the sources and distribution of retirement income. Wealth Enhancement Group offers a proprietary planning tool called RealityCheck™ to estimate how much monthly income you may be able to expect from your retirement portfolio.
- 2** Balance risk and reward by investing in a diversified portfolio of stocks, bonds, and other investments. Although they may be seen as risk-averse, women can play to their strengths by making informed investments while managing and transferring risk.
- 3** Timing is everything: The reality is that women live longer than men. To overcome this inherent challenge, women need to have an integrated and comprehensive financial plan that outlines when to retire and how to withdraw their savings sustainably.
- 4** Plan now for lower lifetime taxes: With savvy tax planning today, you can set yourself up for long-term tax efficiency, both in your working life and later in retirement. Fortunately there are a number of tax-smart investment strategies that can help reduce your tax bite over time.
- 5** Beware of overpaying for financial products: Women often pay higher fees than men, including overdrafts, late payments and ATM fees, according to a study of 205 million transactions on the investment app Stash. Women who are aware of these biases can work to negotiate better fees and seek out banking services with more equitable pricing.
- 6** Healthcare and insurance: Women pay about 20% more in healthcare expenses than men in retirement, according to research reported in the Wall Street Journal. Make sure you have enough coverage for the uncertain future. Be sure to check with your insurance agent or financial advisor that your policies cover what you think they do so you aren't caught unawares.
- 7** Social Security is critically important in many individuals' retirement income strategies. In terms of their administration, Social Security benefits are gender-neutral. Still, lifetime benefits are often lower for women because of the gender wage gap and women's relative commonality of part-time work. Work with your advisor to maximize your potential benefits.

EXECUTING YOUR RETIREMENT PLAN

After you've mapped your components and goals, it's time to get a partner to help you execute.

An experienced financial advisor will help you by:

-  Understanding your situation, goals and values
-  Keeping your financial plan on track with regular reviews
-  Removing emotion from the financial planning process
-  Staying on top of relevant rules and regulations
-  Referring you to specialists as needed

Research shows that on average, women are less confident than men in their ability to invest successfully. With the help of an experienced financial advisor, everyone can have the ability to build investment knowledge and deepen financial literacy to build confidence and make retirement plan decisions with conviction.

WOMEN ARE WORKING TO CLOSE THE RETIREMENT GAP

When it comes to investment savvy, women have a lot to be proud of. They are better investors than men on average and represent a growing proportion of the world's wealth. But it's not about outperforming male investors. It's closing the wealth gap, securing a comfortable retirement, and investing to build a future that empowers the next generation of women.

THE FUTURE ISN'T WAITING FOR ANYONE—IT'S ALREADY HERE, AND WE NEED TO PLAN FOR IT.

Wealth Enhancement Group's advisors have the skills to provide you with extraordinary financial care tailored to your unique situation. If you're ready to take action and close the retirement gap, you can book a no-obligation meeting with a Wealth Enhancement Group financial advisor to get a free, personalized retirement RealityCheck™.

YOUR WEALTH IS PERSONAL. OUR CRAFT IS EXCEPTIONAL.

Today, women are approaching retirement more confidently.

And regardless of your retirement lifestyle goals, you can feel more confident with a team of specialists who take exceptional care to craft your personalized financial plan. At Wealth Enhancement, we don't approach your unique situation with a one-size-fits-all formula. Instead, we unlock your wealth's potential with our team-based approach. Our specialists dig into every detail of your financial picture to find the opportunities others overlook, to help you achieve the financial life of your dreams.

Our 3-step UniFi™ process ensures every aspect of your financial life is organized, accounted for, and explained. This gives you a comprehensive view of your financial information, called your UniFi™ inventory. After that, we get to know the details of your financial goals in the context of what matters to you. Our Roundtable™ team of financial specialists collaborates to make sure your financial plan is addressed from every angle, because we're committed to giving you the care you deserve.



A 3-step process designed to simplify your financial life

Organize.

We collect your financial information and consolidate it into your UniFi Inventory™.

Collaborate.

Our Roundtable™ team approach helps ensure your financial plan is comprehensive.

Guide.

We clarify your options and put your plan into action, supporting you every step of the way.

With every passing year, women investors are gaining control of more of the world's wealth. As your financial life evolves, the advisors at Wealth Enhancement will be there to guide you every step of the way, delivering a level of service that defies convention and exceeds your expectations.

Your financial future is right around the corner. We're here to help you plan for it.

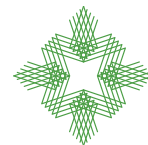
CALL US TODAY
1-888-842-6190

Schedule a free, no-obligation meeting to learn how our 3-step UniFi™ process and a personalized retirement RealityCheck™ can transform your financial life.

(For best service, please call between 8:00 a.m. and 5:00 p.m. Central Time)

This information is not intended as a recommendation or as tax or legal advice. Discuss your specific situation with a qualified financial, tax, and/or legal advisor. There is no guarantee that asset allocation or diversification will enhance overall returns, outperform a non-diversified portfolio, nor ensure a profit or protect against a loss.

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