PREPARING WOMEN FOR RETIREMENT

ADOPTING SMART STRATEGIES

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- Experience
  - Registered Associate, Retirement Plan Services, **SEIA**
  - Retirement Plan Consultant and Advisor with **Mercer (Marsh & McLennan**) in their Defined Contribution Advisory Group in Washington, D.C. working with plans from $5m - $250m+ in assets
  - Relationship Manager with **Principal Financial Group** covering the mid-Market Defined Contribution plan marketplace
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- Licenses:
  - FINRA Series 6, 7, 63 and 66 licenses
  - Maryland Insurance Life & Health Resident holder, D.C. and Virginia Non-Resident

- Certifications:
  - Qualified Plan Financial Consultant (QPFC) professional designation conferred by National Association of Plan Advisors (NAPA)
  - Retirement Plan Association (RPA) professional designation conferred by the International Society of Certified Employee Benefits Specialists,
  - Accredited Investment Fiduciary (AIF) designation from fi360.

- Education:
  - Master of Arts in Contemporary Communication from the Notre Dame University of Maryland
  - Bachelor of Arts in Organization Communication from the University of South Florida

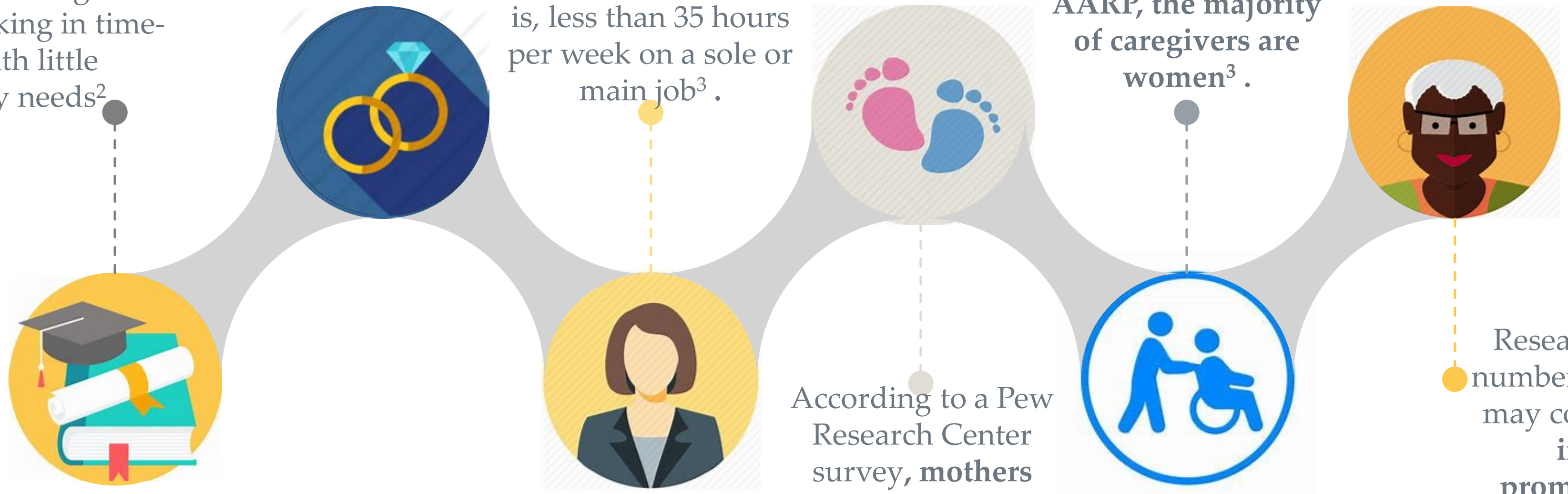
Defining The Retirement Savings Problem

The myth of work/life balance

A 2014 Harvard study suggests women are far more likely to take career breaks for child and elder care, which ends up limiting the number of women working in time-consuming jobs with little flexibility for family needs[2]

Women are more likely than men to work part time—that is, less than 35 hours per week on a sole or main job[3] .

According to the AARP, **the majority of caregivers are women**[3] **.**



According to a Pew Research Center survey, **mothers were nearly three times more likely than men to have quit a job to care for family** – children AND parents[3]

Research on caregiving points to a number of career concessions women may consider during their lifetimes, **including turning down promotions, decreasing hours or retiring early**[3] **.**

Women who worked part time made up 25 percent of all female wage and salary workers in 2016. In comparison, 12 percent of men in wage and salary jobs worked part time.

Part-time work not only means lower lifetime savings, but it can also impact **eligibility & accessibility to employer benefits and retirement plans**[3] .

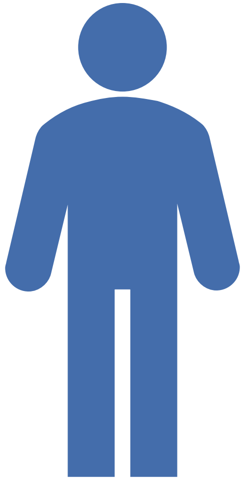
The Wage Gap

Women in the U.S. make on average **80 cents for every $1 men earn**, as measured by median annual income. This is up from 77.5 cents in 2007[1].

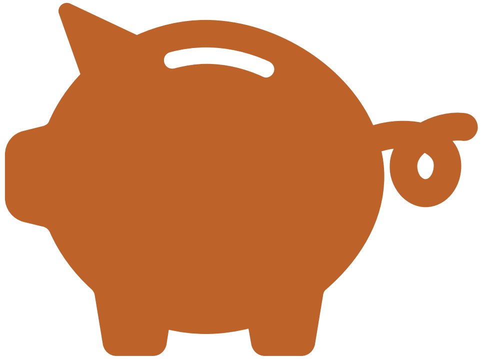
On average, American women must **save at an annual rate of $1.25 for every $1 men invest** to build an equivalent retirement nest egg[1].

If women starts saving in their early twenties, financial experts recommend saving 15% of annual earnings into a 401(k). By that measure, **a woman in the U.S. would need to put away 18.8% of her yearly income** to accrue as much[1] .

The Retirement Savings Gap



As a result of the wage gap, men's average 401(k) balances are more than **50% higher** than the average for women, according to a 2015 Vanguard study[7].



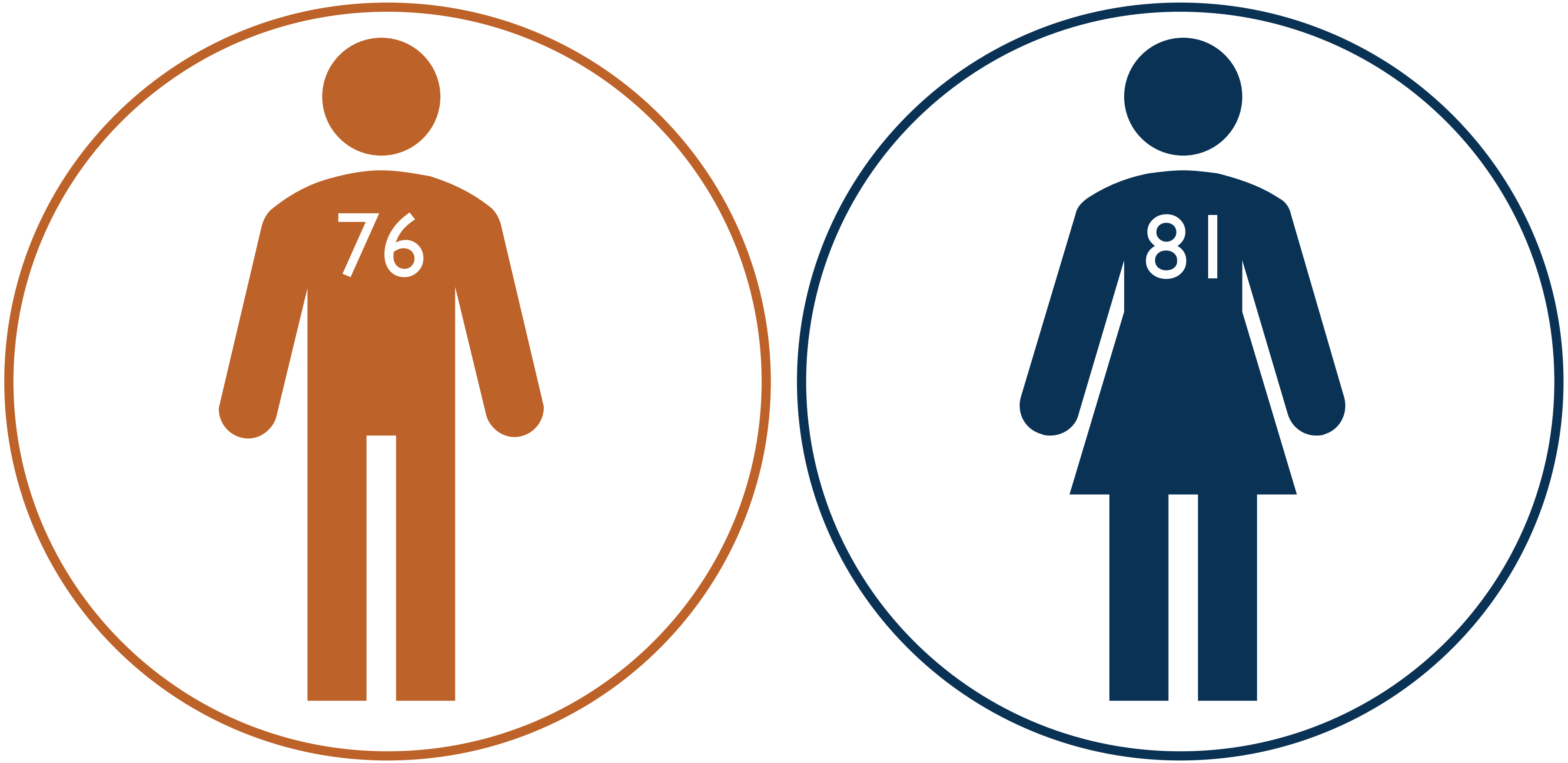
On average, men contributed about **22% more** to individual retirement accounts of all types in 2014 than women, according to recent estimates from the IRS[8] .

In a recent Transamerica study, men report having saved an estimated median of $115,000 compared to just $34,000 among women[12].

The Confidence Gap

Only 10% of Women Are Confident They'll Retire Fully (February 2018, The Motley Fool): https://www.fool.com/retirement/2018/02/13/only-10-of-women-are-confident-theyll-retire-fully.aspx

The Life Expectancy Gap



The Unsettling Truth About Women And Retirement (Dec 2017, Forbes): https://www.forbes.com/sites/karastiles/2017/12/07/the-unsettling-truth-about-women-and-retirement/#6a59fe521b63

The resulting impact of all those gaps is men get to retirement with more saved assets then women…

Strategies for Solving for the Retirement Savings Gap

Participate in your plan!

Start as early as possible
Contribute to at least the match
Increase your contributions

Women are 11% more likely to participate in their workplace savings plan. In plans with voluntary enrollment, women are 14% more likely to join the plan than men [7].

Across all income levels, women save in excess of their male colleagues, from 7% to 16% more. In plans with voluntary enrollment, women have deferral rates in excess of 6% greater than their male colleagues [7].

The vast majority of men (88 percent) and women (89 percent) believe that a 401(k), 403(b) or similar plan is "somewhat" or "very" important employee benefit[12].

Making Investment Decisions

Women are more likely than men to turn asset allocation decisions over to an investment professional affiliated with the plan[7].

Women hold Target Date Fund options, as a single investment in their retirement plan account 17% more frequently than their male counterparts[7].

Vanguard's research shows that participants using professionally managed allocations have better portfolio outcomes than those participants constructing portfolios from the menu of plan options[7].

Men can be *OVER* confident!

Women take less risk.
Women trade less frequently.
Women tend to stay the course during market swings[11].

According to the Betterment research:
Among those who deviated from their investment advice, **men were more likely to take on more risk, moving into a 100% allocation toward stocks twice as often as women. They were also six times more likely to make large allocation swings.**

Those kind of reactions are often an attempt to time the market, something most of us know doesn't work[11].

Female Betterment customers monitored their accounts 45% less frequently than their male counterparts. High-frequency monitoring of returns leads to a greater chance of seeing something negative, like a short-term dip in returns—and that often prompts investors to (mistakenly) try to make a short-term course correction. **That means logging in less frequently may actually be better for your investment health**[11].

Consider Beneficial Tax Strategies

Benefits of Pre-Tax and Roth contributions – today AND at retirement.
All contributions are not created equal.

Convert Pre-Tax Dollars to Roth Dollars.

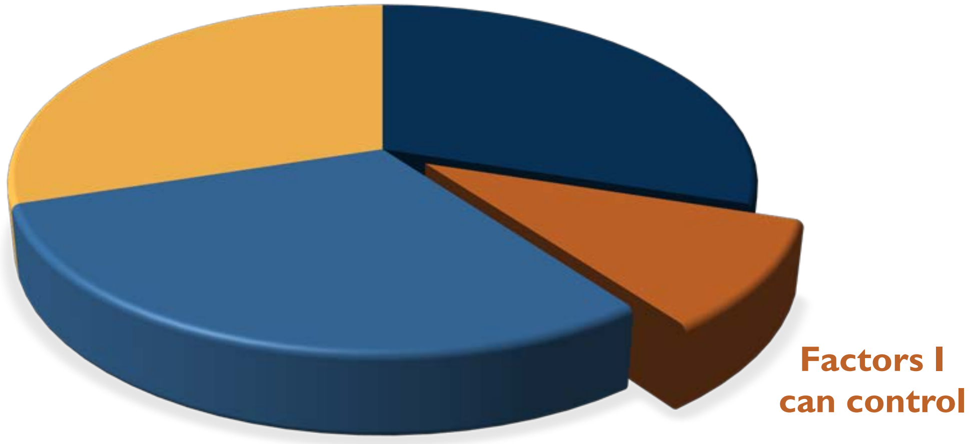
An IRS statistic shows that not only do women lag men on doing Roth Conversions, but the amount converted was 2/3rd on average, the amount men converted[8].

Tax Savers Credit

Tax Advantageous Impact of Working Later in Life:

- Given that women live longer than men, they can afford to work later in life.
- May give them an option to make up for non working years, earlier in their career.
- These can be high-earning years at a high income threshold.
- Additionally, working longer can help with Social Security, as delaying benefits can boost your payments, and final high earning years can offset years at lower salary included in payment calculations [9].

Focus on the things within your control:



The difference is not due to savings behavior but the overall higher wages of men: that are approximately **25% to 33% higher than womens**.

A more nuanced picture emerges when you compare account balances for women and men by income bands. Controlling for income differences, we find that the account balances of men and women tend to converge [7].

NEGOTIATE YOUR COMPENSATION!

Explore Organizations that Value Diversity

Recognize Your Value & Market Yourself

Understand your full Compensation Package

Strategically Participate in your Organization's Retirement Plan!

Questions?

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- The following table provides a simplified example of the effect of management fees on portfolio returns. For example, assume a portfolio has a steady investment return of 0.5% per month and total management fees of 0.0833% per month (or 1% per year) of the market value of the portfolio on the last day of the month. Management fees are deducted from the market value of the portfolio on that day. There are no cash flows during the period. The table presented below shows the effect that an investment advisory fee, compounded over a period of years, could have on the total value of one's investment returns;

Period	Gross Return	Net Return	Differential
1 Year	6.17%	5.12%	1.05%
2 Years	12.72%	10.49%	2.22%
10 Years	81.94%	64.70%	17.24%

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