

With prudent financial planning, women can overcome obstacles

Education helps investors save for retirement

When it comes to saving for retirement, most women have three strikes against them.

Fortunately, investing for the future is unlike the game of baseball, where after three strikes — you're out. With the proper financial planning, women can overcome these obstacles, allowing them to stay in the game, and win, in their quest for a financially secure retirement.

On average, women experience three main obstacles in saving for retirement:

1. They typically earn less than men during their working years.
2. Traditionally, they spend fewer years in the work force.
3. Because they live longer, they spend more years in retirement than their male counterparts.

Combined, these three factors create a natural impediment to saving adequately for a comfortable retirement.

EARNING LESS

Like it or not, even in today's world, women earn less than their male counterparts for similar jobs.

According to the Women's Institute for a Secure Retirement, women earn 73 cents to every dollar earned by men in the United States. That means that a typical woman with a college degree will earn about \$523,000 less over her lifetime. Fewer earned dollars result in lower pension benefits and diminished ability to contribute to other retirement savings vehicles such as 401(k) plans and IRA accounts.

WORKING LESS

Due to societal perceptions/pressures of family duties, women also tend to spend fewer years in the work force.

The responsibility of caring for older parents or young children is typically fulfilled by the women of the family. In fact, the average woman spends 15 percent of her career being out of the paid work force, caring for family. For every year that a woman stays at home, she must work an additional five years to recover lost income, pension coverage and career promotion opportunities. Under these circumstances, women must work longer by a factor of five to enjoy the same retirement benefits as men.

Guest commentary

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LIVING LONGER

Lastly, U.S. Census figures show that women live an average of seven years longer than men. If that's true, then women need to plan for a longer retirement, even when retiring at a 'normal' age. With inflation eating away at the purchasing power of goods and services during retirement, and a longer retirement period, which could include increased health care costs, there's a lot of planning that needs to be done.

So, where do we start? The first step is financial education.

1. Attend a class at one of the local colleges or universities that focuses on personal financial planning. Try to avoid seminars that focus only on specific investment products and instead attend classes that concentrate on education.

2. Contact your employer's human resource office to determine what retirement plan options and other pre-tax saving plans may be available to you and to what extent you can participate.

3. Consult with your accountant to determine if there are tax-saving mechanisms you could employ beyond what your employer offers to lower your taxable income and save more for retirement.

4. Meet with a financial planner to create a personal financial plan that will uncover areas of strength and weakness and map out an action plan to help you reach retirement, and other financial life goals, successfully.

Once you have taken the time to put your personal financial goals in writing and educate yourself as to the investment options available to you, you will be better equipped to save for a financially secure retirement.

There's no magic formula or panacea when it comes to personal financial planning. Everyone's situation is unique. But when you step up to bat with three strikes against you, you better come prepared with a game plan.

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