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Managing for a Lifetime of Financial Growth

Here are some suggestions for saving for retirement while financially managing some common life events.

You probably will experience several major events in your life that can make it more difficult to start or continue saving toward retirement and other goals. The key is to have a clear plan, to stay focused on your goals and to manage your money so that life events don't prevent you from keeping on target.

Marriage

Getting married creates new financial demands that compete for retirement dollars, such as changing life insurance needs and saving to buy a home. But it's usually less expensive for two people to live together, thus freeing up dollars. Also, you probably still have time on your side. Assess your combined income and expenses, and create a savings plan together.

Divorce

It's important that you know the laws regarding your spousal rights to Social Security and pension benefits. Under current law, spouses and dependents have specific rights. Retirement assets may well be the biggest financial asset in the marriage. Be sure to divide those assets carefully. It's also critical to review your overall financial situation before and after your divorce. Income typically drops for partners in the wake of a divorce, particularly for women.

Changing Jobs

It's estimated that the average worker changes jobs 10 times and careers three times in a working lifetime. Changing jobs often puts you at risk of not vesting in your current job's retirement plan, plus a new job may not offer an employer-sponsored plan. Consider rolling money from an existing company retirement plan into a new company plan or an IRA. Don't cash out and spend the money, however small the amount.

Raising Children

The U.S. Department of Agriculture estimates that it costs the average American family over \$233,610 to raise a child to age 18. In some cases, a spouse may stay out of the workforce to raise children, thus cutting into income and the opportunity to contribute to retirement savings. Having a child may alter your major financial goals, but should never eliminate them. Your savings plan will have to allow for expenses for your child(ren), but should also continue to contribute money to your nest egg. Also, many financial planners stress that saving for retirement should have priority over saving for a child's college education. There are financial aid programs for college-bound students, but not for retirement.

Death

The premature death of a spouse can undermine efforts for the partner to save for retirement, particularly if there are dependent children. That's why it is important to check your Social Security statement to find out how much children will receive if a parent dies. Maintaining adequate life insurance is also important. Be sure that you have properly named the beneficiaries for any insurance policies, retirement plans, IRAs and other retirement vehicles.

Facts Women Should Know About Retirement

Women face challenges that often make it more difficult for them than men to adequately save for retirement. In light of these challenges, women need to pay special attention to making the most of their money.

- Women tend to earn less than men and work fewer years.
- Women tend to change jobs or work part time more often, and they may interrupt their careers to raise children. Consequently, they are less likely to qualify for company-sponsored retirement plans or receive the full benefits of those plans.
- On average, women live five to seven years longer than men, and thus need to build a larger retirement nest egg for themselves.
- Some studies indicate that women tend to invest less aggressively than men.
- Women are less likely to be financially informed than men.
- Women tend to lose more income than men following a divorce.
- Women are twice as likely as men during retirement to receive income below the poverty level.