

# Investing for Women

## Should men and women be investing differently?

I don't think that men and women need to invest differently to achieve their goals, but I think that many women have biases to overcome which can hinder their financial success. One of the biggest things that I see is that women are not comfortable investing, so they often avoid it all together. Frequently I see men who really enjoy researching and selecting their own stocks; women can be extremely fearful of making the wrong investment, and can be more focused on short-term results. This can lead to surplus cash savings and 401(k) balances invested in money market accounts.

Many women suffer from a lack of confidence, and in my experience, the only way to become more comfortable is to take action. That is why I got into the industry. In college, I found that the only students enrolled in investment/finance courses were men; while the subject didn't come naturally to me, I realized that it was information I would need to know. Now my goal is to help empower women to make better financial decisions. There are so many resources available for investors: blogs (such as The Simple Dollar and the Evergreen Virtual Advisor), websites (such as [www.Morningstar.com](http://www.Morningstar.com), [www.schwab.com](http://www.schwab.com)), and even podcasts. My advice is to do some research, start small, and think long-term. A good place to start is with your 401(k) or other employer-sponsored retirement plan, and research the available funds via the information on your plan site.

Avoiding investment decisions will negatively compound the many other financial obstacles facing women. On average, we make less money, so we have less to invest and earn fewer Social Security benefits. We are also likely to live longer and outlive our money. The good news is that it is never too late to get started!

My most important point here is to invest for the long-term. Investors as a whole can be very focused on short-term results, such as how the investment performs within a 6-12 month time span. I think international markets have a lot of growth potential over the next 5-10 years, but there may be a lot of volatility in the short-term. Thinking long-term for women is particularly important as we are expected to have a very long time horizon based on our average life expectancy.

## How Can Health Savings Accounts (HSAs) help prepare for retirement expenses?

Health Savings Accounts are the most tax preferential accounts you can invest in today. Money can be drawn any year from an HSA tax-free if used for qualified medical expenses, but the benefits really come to fruition when contributions are invested and saved until retirement. As a quick example, if you save \$1,000 per year into an HSA for 20 years and earn a 5% annual growth rate, at the end of those 20 years you will have accumulated over \$34,700 and can use those funds tax-free for medical expenses.

The maximum contributions for 2019 are \$3,500 for an individual or \$7,000 for families. I recommend reviewing your retirement account contributions in conjunction with your HSA contributions. If you are planning to contribute \$7,000 to your 401(k), consider putting a portion of that into your HSA, say 10%. You will still get a tax deduction, but the funds will be available

to you tax-free in the future. I recommend putting away as much as possible, knowing that if you need to take the funds pre-retirement for medical expenses you not only won't be penalized, but can actually take the funds tax-free.

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