Retirement Planning Tips for Savvy Women

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“It takes as much energy to wish as it does to plan.”
–ELEANOR ROOSEVELT

Women face severe headwinds when planning for retirement. They often earn less money (approximately 80 cents for every dollar that men make) and have shorter working careers due to raising children and/or caring for aging parents. Less money earned translates into less money saved and lower Social Security benefits. On top of that, women also tend to live longer than men.

Combined, these factors put women at greater risk to outlive their retirement savings. However, there are several things women can do to create a larger and more protected nest egg. Here are nine tips to get started and cover your bases:

1. **Save Cash for a Rainy Day**

It is estimated that almost 80% of Americans live paycheck-to-paycheck, and this statistic is increasingly apparent in the aftermath of the longest government shutdown in history. Establishing an emergency fund of at least 3-6 months of expenses is priority number one for creating financial security. Start by automatically transferring funds from your paycheck to a savings account and limit using credit cards if you find yourself overspending.

2. **Make a Plan to Tackle Debt**

When you have a significant amount of debt, it is overwhelming to know where to start. I recommend creating a balance sheet, listing what you own and what you owe, and including the interest rates you are paying. It’s important to prioritize paying down the highest interest rate debt, not necessarily the highest balance. For example, you may have an auto loan of $10,000 with an interest rate of 4% and a credit card balance of $2,000 with an interest rate of 20%. Understanding what you are paying in interest can help you prioritize what to pay down first.

3. **Create a Budget that Works for You**

Another crucial element to financial security is understanding where your money is going. I recommend tracking every dollar that comes in and goes out for at least one month using whatever method works for you. There are budgeting apps like Mint, Quicken, and spreadsheet templates to help you understand where your money is going. The rule of 50/30/20 is a good starting point. 50% of your spending should go towards needs, like rent and utilities; 30% can be directed towards wants, like dining out and entertainment; and 20% should go towards financial goals, like retirement savings and paying down debt. If you find yourself often not being able to pay off your credit card each month, use a debit card instead.

4. **Stay Protected**

Insurance is an area that, once purchased, is often not reviewed on an ongoing basis. Utilizing an insurance broker to help review your options can ensure you are being properly covered and paying a fair cost. Make sure your property and casualty liability limits are maxed out and add an umbrella policy on top to protect your assets. Most people will never have to utilize their umbrella insurance, but it can be financially devastating if you need the coverage but don't have it in place. Once these bases are covered, it is time to start creating a pathway towards a more secure retirement.

5. **Start Saving Now**

After an emergency savings fund is created, one of the best tips for building your net worth is to save early and often. If you have a 401(k) or employer-sponsored plan with a match, make sure you are taking advantage of that. Often people wait to invest until they think they have more disposable income; however, the truth is that you have to make it a priority to save, or it may never happen. As Einstein famously said, compound interest is one of the most powerful forces on earth. Contributing even $10, $20, or $50 per pay period can add up over time. If your employer doesn't offer a retirement plan, open a traditional IRA or Roth IRA to start saving. In 2019 you can contribute up to $6,000 to an IRA or $7,000 if you are over age 50. 401(k)s have larger contribution limits, up to $19,000 or $24,000 if you are over 50.

6. **Invest for the Long Term**

Women are known to have a lower risk tolerance than men and tend to invest in more cash and bond funds than their male peers. While these types of investments can play a part in your portfolio, it is important to think about the long-term future. If you are not planning to retire for 10 or 20 years, try not to be spooked by recent market volatility. A common rule of thumb to help you determine your asset allocation is to subtract your age from 100, and have that amount invested in stocks. So if you are 40, having approximately 60% in stocks is a good starting point. It is impossible to time the market perfectly, and I often see accounts invested in cash for years at a time, which can be much more detrimental to retirement success than experiencing volatility within the account .

7. **Diversify with International Exposure**

We believe international and emerging markets offer much better potential growth rates when taking GDP and population growth into consideration. For those with a long-time horizon, these markets can play a role in your retirement portfolio. While we view much of the U.S. stock market as expensive from a valuation perspective, we see areas in Asia including China and India as much more attractive. You don't have to be an expert to invest in these markets; there are many mutual funds and ETFs that offer exposure here.

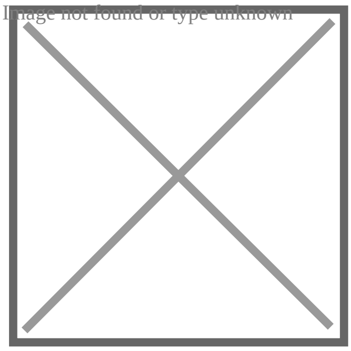
8. **Contribute to a Health Savings Account**

Health Savings Accounts, or HSAs, are the most tax-advantaged accounts you can open. When you contribute, you get a tax-deduction; the invested funds grow tax-deferred; and if the funds are used for medical expenses, they can be withdrawn tax-free. You must be enrolled in a high-deductible health plan to contribute to an HSA, so check your health insurance plan documents to confirm eligibility. To qualify, your insurance plan must have an annual deductible of $1,350 for individuals or $2,700 for families. Annual contributions can be as high as $3,500 for individuals and $7,000 for families.

9. **Think about Your Legacy: Charitable Giving**

Many individuals support local charities that are near and dear to them, but there are often ways to maximize gifts in a tax-efficient way. With an increase to the standard deduction to $12,200 for individuals and $24,400 for married couples, many will no longer itemize, but there are still ways to maximize your impact. Gifting appreciated stock instead of cash, for example, or starting a donor-advised fund can help you save on taxes so you can give more.

These are just a few tips that women can utilize to generate a larger and more protected nest egg. To learn how Evergreen Gavekal can help you cover your bases when it comes to financial planning and investing, reach out to info@evergreengavekal.com.



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OUR CURRENT LIKES AND DISLIKES

No changes this week.

LIKE *

- Large-cap growth (buy more cautiously due to the recent rally)
- Some international developed markets (especially Japan)
- Cash
- Publicly-traded pipeline partnerships (MLPs and other mid-stream energy securities) yielding 7%-15% (as a result of the powerful rally of the first two weeks of the year, buy more selectively)
- Gold-mining stocks
- Gold
- Select blue chip oil stocks (still attractive despite their bounceback)
- One- to two-year Treasury notes
- Canadian dollar-denominated short-term bonds
- Short-term investment grade corporate bonds (1-2 year maturities)
- Emerging market bonds in local currency (start a dollar-cost-averaging process and be prepared to buy more on further weakness)
- Mexican stocks (after a sharp recovery, we are again trimming back on our REIT holdings)
- Large-cap value (there are a plethora of bargains now in this area)
- Intermediate municipal bonds with strong credit ratings
- Intermediate-term Treasury bonds (especially the five-year maturity)

- Solar Yield Cos (due to the PG&E-related selloff)

NEUTRAL

- Most cyclical resource-based stocks (some are looking more attractive)
- Mid-cap growth
- Emerging stock markets; however, a number of Asian developing markets appear undervalued
- Canadian REITs
- Intermediate-term investment-grade corporate bonds, yielding approximately 4%
- US-based Real Estate Investment Trusts (REITs)
- Long-term investment grade corporate bonds
- Long-term municipal bonds
- Short euro ETF
- Long-term Treasury bonds
- Investment-grade floating rate corporate bonds
- Select European banks
- Small-cap growth
- Preferred stocks

DISLIKE

- Small-cap value
- Mid-cap value
- Lower-rated junk bonds
- Floating-rate bank debt (junk)
- US industrial machinery stocks (such as one that runs like a certain forest animal, and another famous for its yellow-colored equipment)
- BB-rated corporate bonds (i.e., high-quality, high yield; in addition to rising rates, credit spreads look to be widening) * **
- Short yen ETF (i.e., we believe the yen is poised to rally)
- Dim sum bond ETF; individual issues, such as blue-chip multi-nationals, are attractive if your broker/custodian is able to buy them

** Credit spreads are the difference between non-government bond interest rates and treasury yields.*
*** Due to recent weakness, certain BB issues look attractive.*