5 Money Questions for Women

Participant Workbook

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5 Money Questions for Women

Program Synopsis

Women and men have differing considerations when it comes to long-term financial goals. For instance, because of a woman's average longer life span, your needs may be significantly different from those of your spouse or others. *5 Money Questions for Women* is a 45-minute educational program that explores five critical money questions for women.

Seminar Contents

Fact or Fiction?

Read the statement and circle ***Fact*** if you think it is true and ***Fiction*** if you think the statement is false.

1) **Nearly 70% of women are confident in how much they're saving for retirement.**

   Fact *Fiction*

2) **Women are about eight times as likely as men to report they have work interruptions due to caring for their children.**

   Fact *Fiction*

3) **Nearly 40% of women are the primary breadwinners in their family.**

   Fact *Fiction*

Five Questions You Need to Ask to Connect to Your Financial Goals

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Question 1: “Where Am I Today?”

Understand Your Current Financial Situation

1) I know how much I/we spend each month.
Think about your mortgage, utilities, food, clothing, education, insurance and entertainment.

True *False*

2) I know the location and amounts of all my/our investments.
Think about cash, CDs, stocks, bonds, mutual funds and real estate.

True *False*

3) I have saved six months’ worth of living expenses.
Think about the gross amount spent for essentials and miscellaneous on a six-month basis.

True *False*

4) I know the rate of return each year for each of my/our investments.
Include the rate of return for CDs, stocks, bonds, mutual funds, real estate and other investments.

True *False*

5) I know how much I am (or we are) saving for retirement.
Note if this is a regular monthly amount and/or if you use systematic investing.

True *False*

6) I know the value and location of all my retirement accounts.
Think about employer-sponsored plans, IRAs and annuities.

True *False*

7) I know how much I am (or we are) estimated to get from my Social Security benefit.

True *False*

8) I know how much insurance coverage I/we have.
Think about life, disability and long-term care coverage.

True *False*

(continued)

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Question 2: "Where Would I Like to Be?"

Determine Your Values and Goals

Common Values	
Freedom	Helping others
Security	Independence
Happiness	Self-reliance
Family	Community

Your Values

1) __________

2) __________

3) __________

4) __________

Imagine a life where you have met all your financial goals. What does it look like?

Describe your imagined life. Try to identify at least three qualities.

Common Goals
Preparing for Retirement (e.g., pay down debt, housing)
Living in Retirement (e.g., create retirement income, save for travel or other lifestyle considerations)
Paying for Education (for a child or grandchild)
Planning for the Unexpected (e.g., job loss, disability or other emergencies)
Planning Your Estate or Inheritance

Your Goals

1) __________

2) __________

3) __________

4) __________

(continued)

Five Questions You Need to Ask to Connect to Your Financial Goals

Question 3: "Can I Get There?"

Determine If Your Goals Are Realistic

Use the S.M.A.R.T test to verify if your goals are achievable.

- **S** **PECIFIC**....................What exactly am I going to do?
- **M** **EASURABLE** ....How will I measure it?
- **A** **CHIEVABLE** ....Is it possible considering my situation?
- **R** **ELEVANT**.................Will it lead to a meaningful result?
- **T** **IME-FRAMED**.........When will I accomplish my goal?

My Goal: ______________________________

Is It S.M.A.R.T.?

SPECIFIC ______________________________

MEASURABLE ______________________________

ACHIEVABLE ______________________________

RELEVANT ______________________________

TIME-FRAMED ______________________________

Five Questions You Need to Ask to Connect to Your Financial Goals

Question 4: "How Do I Get There?"

Develop a Strategy

The Rule of 72

Dividing 72 by the rate of return equals the approximate number of years it takes for your money to double.

Example 1
How long will it take for my money to double at __%?
(Assume a 4% rate of return.)
72 ÷ 4% = 18 years to double your money

Example 2
What rate of return will it take for my money to double in __ years?
(Assume a 10-year time horizon.)
72 ÷ 10 years = 7.2% rate of return to double your money

Example 3
(Assume a 9% rate of return over 32 years.)
72 ÷ 9% = 8 years to double your money. If your money doubled 4 times:

$$\frac{32 \text{ years}}{8 \text{ years}} = 4$$

$1,000 → $2,000
$2,000 → $4,000
$4,000 → $8,000
$8,000 → $16,000

Example 4
Denise and Paul decide to start saving for Bree's higher education. Bree will start college at age 18. They have saved half the amount they want to contribute to Bree's education. With 12 years to go, what rate of return will it take for them to double that amount?

Scenario 1:
Bree is 6 (12 years to go until college): 72 ÷ 12 years to go = 6% rate of return

Scenario 2:
Bree is 12 (6 years to go until college): 72 ÷ 6 years to go = 12% rate of return

The rule of 72 is a general investment rule of thumb that assumes the investment's principal value and rate of return remain constant and that all interest and/or dividends are reinvested annually at the same rate of return.

Rates shown are hypothetical and used for illustrative purposes only. The rates do not reflect any rates currently available through Edward Jones.

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Five Questions You Need to Ask to Connect to Your Financial Goals

Question 4: "How Do I Get There?"

Develop a Strategy

Systematic Investing

It's all about the Cs:

C **ONVENIENCE** .... Take procrastination out of the equation.

C **ONSISTENCY** .... Regardless of market movements, you are accumulating shares continuously and consistently. Help take the emotion out of investing and eliminate the worry of trying to time the market.

C **HOICE** .... You can systematically invest in mutual funds, annuities and even individual stocks.

C **ONTROL** .... Focus on what you can control – investing a set dollar amount on a regular basis – rather than what you can't: volatility in the market.

Systematic investing does not guarantee a profit or protect against loss. Such a strategy involves continual investment in securities regardless of fluctuating price levels of such securities. The investor should consider the financial ability to continue the purchases through periods of low price levels.

(continued)

Five Questions You Need to Ask to Connect to Your Financial Goals

Question 4: "How Do I Get There?"

Develop a Strategy

Some Retirement Savings Options:

Employer-sponsored Plans – 401(k), 403(b), 457(b)*

Pros
- Tax-deferred growth
- Pretax contributions
- Possibility for employer to match contributions

Cons
- Investment choices may be limited

What is tax deferral?

When you invest in an account that is tax deferred, you do not pay any taxes on the contributions or earnings until you start taking withdrawals from the account.

Roth IRA*

Pros
- Tax-free growth
- Tax-free withdrawals (if you have held the account for five years and have reached age 59½)
- Flexible investment options
- Benefits can transfer to the next generation

Cons
- Eligibility to contribute depends on your income

Traditional IRA*

Pros
- Tax-deferred growth
- Contributions (subject to income limits and other plan coverage)
- Flexible investment options

Cons
- Set contribution limits

These are just a few strategies to consider. Talk to a financial advisor to determine what may work best for you.

*If you receive a distribution before age 59½, it is subject to a 10% early withdrawal penalty in addition to ordinary income tax. Certain exceptions apply.

(continued)

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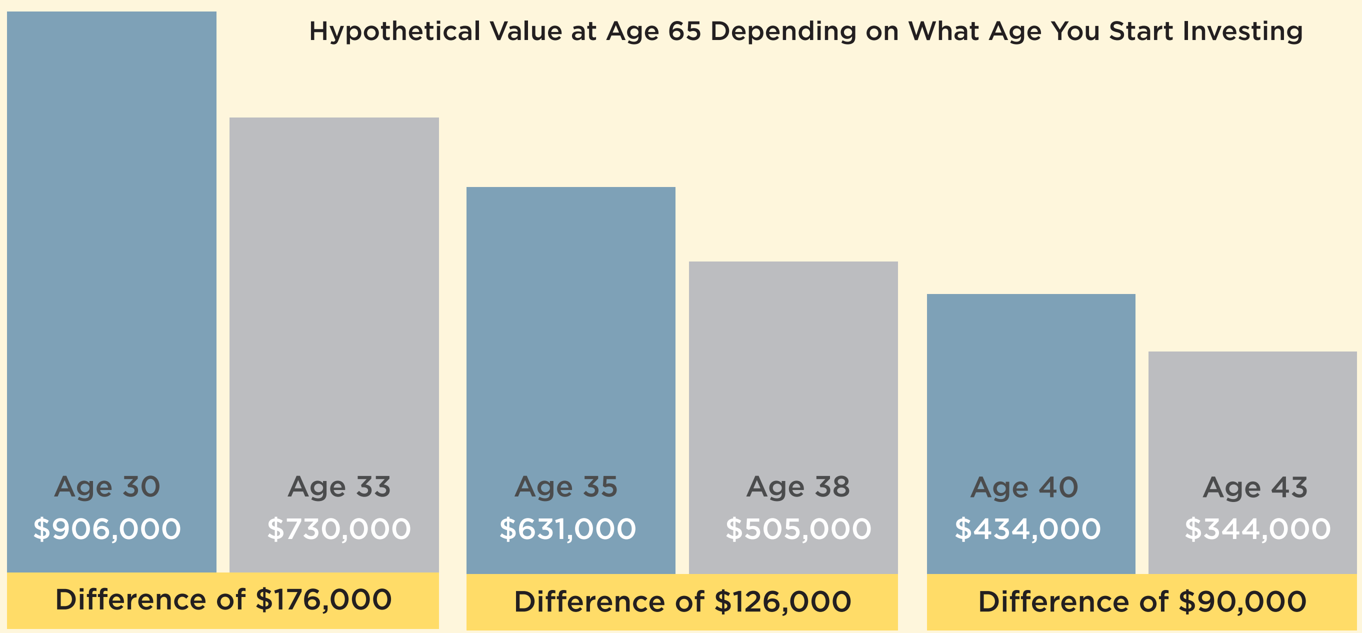
Question 4: "How Do I Get There?"

Develop a Strategy

The Cost of Waiting

Waiting to start investing can be costly. Consider how much money Denise would have saved by age 65 if she had started investing $5,500 per year ($458 per month) at various ages.



Source: Edward Jones. This chart assumes a 7% hypothetical rate of return. Returns are calculated annually and are for illustrative purposes only. The chart does not represent any currently available investments. Calculations assume an annual contribution of $5,500 until the age of 65 (the contribution limit for those under age 50) and an added $1,000 per year and thereafter (the catch-up contribution limit for those age 50 and older). Figures do not include taxes, fees, commissions or expenses, which would have a negative impact on investment results.

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Five Questions You Need to Ask to Connect to Your Financial Goals

Question 5: “How Can I Stay on Track?”

Review

When it comes to your finances, there is no “set it and forget it.” Regular reviews play a critical role in helping keep you on track. Set an appointment with your financial advisor to help determine a strategy to work toward your needs.

Here are a few action items to help you get started:

Action Plan Examples

- **48 hours:** Schedule a date with your spouse or significant other to review your household finances.
- **Week:** Gather all your financial accounts and statements.
- **2 weeks:** Complete the Monthly Budget Worksheet.
- **Month:** Schedule an appointment with a financial advisor to translate that information into some realistic goals, so that you can develop strategies that make sense for you.
- **3 Months:** Put your strategy into action!
- **Year:** Review your strategy to see if you remain on track.

Don’t just imagine the life you want. Take control and make it happen. Take the goal you identified at the beginning of this workbook and plan something you can do NOW.

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Five Questions You Need to Ask to Connect to Your Financial Goals

Question 5: "How Can I Stay on Track?"

Review

Your Action Plan

Your Goal: ______________________________

What can I do in the next:

48 Hours: ______________________________

____

Week: ______________________________

____

2 Weeks: ______________________________

____

Month: ______________________________

____

3 Months: ______________________________

____

Year: ______________________________

____

Glossary

APY (Annual Percentage Yield) – The rate of return on an investment for a one-year period.

Asset Allocation – The process of dividing a portfolio among major asset categories such as stocks, bonds or cash. The purpose of asset allocation is to help reduce risk by diversifying the portfolio.

Beneficiary – A person or an organization whom you designate to receive property or income, usually at your death. Life insurance policies, retirement plans and certain bank and investment accounts ask you to name one or more beneficiaries.

Compounding – Interest earned on an investment is added to the principal, so that interest can be earned on that interest.

Diversification – A method to reduce investment risk by putting funds in several investment categories (i.e., growth, growth and income, and income). Diversification among stocks can be by industry or by geographic location.

Dividend – Payment from a company to its shareholders, historically based on its earnings. Dividends are usually paid quarterly in the form of cash and sometimes stock. Payments are in proportion to the number of shares an investor owns.

Earnings – Revenue minus cost of sales, operating expenses and taxes over a given period of time.

Growth Investments – Investments such as stocks or mutual funds with strong earnings and/or revenue growth potential. Because they pay few or no dividends, their prices can be more volatile than those of income or growth-and-income investments.

Growth-and-income Investments – Investments that offer potential growth through rising earnings and provide income through dividends. The prices of these securities can be more volatile than those of income investments, but their dividend income typically provides greater price stability than with growth investments.

Income Investments – Designed to provide regular payments, such as from stock dividends, mutual fund distributions, bond interest and annuity payouts.

Liquidity – How easily one's assets can be converted into cash. For example, a security that can't be redeemed for 10 years is not considered liquid; however, money that can be withdrawn from an account at any time has a high degree of liquidity.

Principal – The amount you invest, on which you have a gain or loss. Principal also refers to the balance of a debt, separate from interest.

Systematic Investing – A method of investing a fixed dollar amount on a regular basis.

Tax Deferral – Postponing income or capital gains tax that would otherwise be due on investment earnings or sales until sometime in the future, usually when you retire. Tax-deferred accounts include 401(k) plans, traditional IRAs, cash-value life insurance and annuities.

Trust – A legal entity you (as a grantor) create, giving title to the property in the trust to a trustee, who is required by law to administer the trust in the best interests of the beneficiaries you name.

Questions & Answers

Notes