

Six Steps for Women to Take Charge of Their Financial Future



Despite progress in various domains, income disparities persist, among other challenges, while most women are more than ever responsible for their financial well-being.

How can women overcome these obstacles and save for a secure financial future?

Financial Challenges Women Face

Longevity: [Women tend to live longer than men](#), requiring additional savings to support a longer retirement period. This longevity risk requires careful financial planning to ensure they do not outlive their savings.

Gender Pay Gap: On average, women earn less than men for similar roles. [Women earn 84 cents for every dollar earned by men](#). This gap can significantly affect long-term financial stability and retirement savings.

Career Interruptions: Women are more likely to take career breaks to care for children or elderly family members. These interruptions can result in lower lifetime earnings and reduced contributions to retirement accounts.

Investment Patterns: Studies show that [women are generally more conservative investors than men](#). While this can mean lower risk, it often results in lower returns, potentially influencing the growth of retirement funds.

Social Security Benefits: Given their lower lifetime earnings and longer life expectancy, women might receive lower monthly Social Security benefits compared to men. This discrepancy can strain their financial resources during retirement.

Six Steps to Take Charge of Your Financial Future

1. Take control of your money. Start saving as soon as possible, knowing the power of compound interest. Set clear financial goals, evaluate your cash flow, and stick to a budget. Maintain an emergency fund so that a sudden expense doesn't derail your long-term plans.

2. Become a knowledgeable investor. Gaining knowledge about personal finance, investment options, and retirement planning is empowering. Women may benefit from financial education resources, workshops, and courses to make informed decisions about their money. Engage a trustworthy financial professional to help you make sure your portfolio is in line with your investing goals, time horizon, and risk tolerance.

3. Advocate for yourself in the workplace. Negotiate your starting salary. It provides the foundation for other benefits. Emphasize work accomplishments, take on challenging assignments, and ask for raises and promotions when called for. Women may remain silent and wait for others to notice their hard work. Have confidence in your abilities and be proactive about putting yourself in the mix.

4. Plan for retirement. Estimating post-retirement expenses and creating a budget can provide a clear picture of how much savings will be needed. Women should consider housing, healthcare, leisure, and other expenses in their calculations. Women should take full advantage of employer-sponsored retirement plans, such as 401(k)s, especially if employers offer matching contributions. Contributing at least enough to receive the full match is crucial. Understanding how Social Security benefits work and the factors that affect them, such as the age at which benefits are claimed, can help women maximize their monthly payouts.

5. Protect your income and assets. Not only do women have longer life expectancies than men, but they also make up the majority of older Americans living in poverty. Life insurance, disability insurance, home and auto insurance, health insurance, and long-term care insurance are a vital financial protection. Investing in adequate insurance helps ensure unexpected events do not lead to significant financial hardship.

6. Create an estate plan. Creating an estate plan is crucial for women as it ensures that their assets, personal wishes, and loved ones are protected in the future. Women often play a central role in family financial decisions and caregiving, making it vital to consider how their planning can provide security for dependents and ensure a legacy that aligns with their values. Key considerations include designating beneficiaries, establishing guardianship for minor children, and addressing unique financial challenges such as gender pay gaps and longer life expectancy.

While the financial landscape presents distinct challenges for women, proactive planning and informed decision-making can pave the way to a secure future. By learning about the challenges and finding ways to tackle them, women can save for retirement and gain financial independence. Building a strong financial foundation takes time and effort, so starting early can make a big difference in reaching those goals.

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