

Women are empowered when they feel comfortable about their financial situation. That's according to a recent survey by Forbes Insights and Northwestern Mutual. However, even though women say financial security is important to them, most women surveyed don't feel confident they will reach their retirement goals (57%) or be wealthy (73%). "Women tend to feel less financially secure than men," says Beth Rodenhuis, senior vice president at Northwestern Mutual.

But getting comfortable may be easier than you think. When you take the time to learn about finances, identify your goals and put a plan into action to get you there, you can increase not only your financial confidence, but also the likelihood of achieving your financial goals.

### THE STUDY'S 2015 FINDINGS POINT TO SEVERAL **IMPORTANT STEPS** WOMEN CAN TAKE TO ACHIEVE **FINANCIAL SECURITY**:

STEP

1

#### EDUCATE YOURSELF

Knowledge is power. That's also true when it comes to finances. Women who know more about finances are more confident that they'll be wealthy and that they will achieve their retirement goals. So how do you gain financial knowledge? Get educated!

You can do research on the Internet, go to seminars or classes or talk to a financial advisor. But the amount of financial information that's out there can be dizzying. "Taking in too many ideas can end in a paralysis in which you'll do nothing," warns Rebekah Barsch, vice president of planning and sales at Northwestern Mutual.

**WOMEN WHO KNOW MORE ABOUT FINANCES ARE MORE CONFIDENT THAT THEY'LL BE WEALTHY AND THAT THEY WILL ACHIEVE THEIR RETIREMENT GOALS.**

In addition to the finding that women with more financial knowledge are more confident, our survey also found that women who are disciplined financial planners are substantially more likely to believe they will reach financial goals (more to come on this in step 4).

#### Who is confident about achieving wealth?

**45%** OF THOSE WITH "ADVANCED" OR "EXPERT" FINANCIAL KNOWLEDGE

**24%** OF THOSE WITH "INTERMEDIATE" FINANCIAL KNOWLEDGE

**12%** OF BEGINNERS AND FINANCIAL NOVICES

#### Who is confident about reaching retirement saving goals?

**61%** OF THOSE WITH "ADVANCED" OR "EXPERT" FINANCIAL KNOWLEDGE

**40%** OF THOSE WITH "INTERMEDIATE" FINANCIAL KNOWLEDGE

**33%** OF BEGINNERS AND FINANCIAL NOVICES

**LEARN ABOUT THESE THREE TOPICS**

- 1 BUDGETING.** It's a good idea to get a handle on what you're spending every month. This can help you build a budget that will allow you to live within your means, pay off debt and set aside money for emergencies and your future.
- 2 INVESTING BASICS.** Learn about things like the difference between saving and investing. Learn the difference between stocks, bonds and mutual funds.
- 3 WAYS TO SAVE FOR RETIREMENT.** Learn about different types of accounts and savings vehicles (such as 401(k)s, IRAs, Roth 401(k)s and IRAs, investments or mutual funds, deferred annuities and even permanent life insurance) and the advantages or drawbacks that come with each.

**LEARN THE TERMS**

<b>STOCK</b> (also called equity)	Ownership of a share of a company's assets and earnings. Stocks are typically sold through a brokerage account.	<ul style="list-style-type: none"> <li>• Investing for mid- to long-term needs</li> <li>• Saving for college</li> </ul>
<b>BOND</b>	Money lent to a company, government entity or other type of institution. As a bondholder, you will be repaid the money at a specific date, usually with interest. Bonds are typically sold through a brokerage account.	<ul style="list-style-type: none"> <li>• Investing for mid- to long-term needs</li> <li>• Saving for retirement</li> <li>• Saving for college</li> </ul>
<b>MUTUAL FUND</b>	A pool of money collected from many investors for investing in stocks, bonds or other investment vehicles.	<ul style="list-style-type: none"> <li>• Investing for mid- to long-term needs</li> <li>• Saving for college</li> </ul>
<b>401(k)</b>	A pool of money collected from many investors for investing in stocks, bonds or other investment vehicles. There will be a penalty if you take withdrawals prior to age 59½.	<ul style="list-style-type: none"> <li>• Saving for retirement</li> </ul>
<b>ROTH 401(k)</b>	This plan is similar to a 401(k). The key difference is that contributions are made with after-tax dollars. The amount you contribute can be taken tax free in retirement. There will be a penalty if you take withdrawals prior to age 59½.	<ul style="list-style-type: none"> <li>• Saving for retirement</li> </ul>
<b>INDIVIDUAL RETIREMENT ACCOUNT (IRA)</b>	An IRA allows you to make tax-deductible contributions. Investments will grow tax deferred and be taxed when you take your money in retirement. There is an annual cap on tax deductions for contributions. There will be a penalty if you take withdrawals prior to age 59½.	<ul style="list-style-type: none"> <li>• Saving for retirement</li> </ul>
<b>ROTH IRA</b>	A Roth IRA allows you to contribute money that has already been taxed. It will then grow tax free and come out tax free when you retire. There will be a penalty if you withdraw earnings prior to age 59½.	<ul style="list-style-type: none"> <li>• Saving for retirement</li> </ul>

STEP

**2**

**TALK ABOUT GOALS & MONEY WITH YOUR PARTNER**

Talking finances with a husband or partner can be tough—but do it because it pays off, as the stats show. In addition, our survey found that women who work with an advisor and/or have advanced financial knowledge are more satisfied with their financial communication.

“There are some people who clearly take the lead on finances, just like there are some people who clearly take the lead on breadwinning or managing the household. However, because the financial plan is designed to cover the entire family, it really needs to be something that both spouses are familiar with and engage in,” says Barsch.

So where should a tongue-tied couple start? Sit down together. “The toughest part of our job is getting both people to sit down at the same time,” says Rebecca Bast, a Northwestern Mutual wealth management advisor in Tampa, Fla., “because typically the conversation is more important to one than it is to the other.” Some couples put off talking out of fear that it might disclose differences they’re uncomfortable discussing. One such procrastinator was Sandy Lewis, an executive coach. Until recently she and her husband were reluctant to talk about money, partly because she earns more. “We weren’t communicating, and we weren’t making thoughtful, responsible decisions,” she says. They forced themselves to change. “Now we’re much more intentional, and it’s so much easier. That source of conflict is gone,” she says.

**IT’S CRUCIAL THAT COUPLES HAVE A PLAN THAT EMBRACES WHAT EACH PERSON WANTS— AND THAT THEY WORK WITH ADVISORS WHO HELP THEM DO SO.**

It’s crucial that couples have a plan that embraces what each person wants—and that they work with advisors who help them do so. Nicole Holland-Hong, a Northwestern Mutual wealth management advisor in Fairview Heights, Ill., explains, “We need to help build a plan that incorporates goals both partners are excited about.”

Jayne Abrahamsen and her husband, Ryan, got that kind of help from Marissa Savino Williams, a Northwestern Mutual wealth management advisor in Princeton, N.J. Both wanted to put their kids through school, work a little less later on and not have to scale back their lives too much, but they differed on how to get there. Jayne was more open to risk; Ryan was more cautious. Their discussions with Williams “took the emotion out of it,” says Jayne, and produced a financial plan both were happy with.

“Working with the couple gives the advisor a chance to really explore what’s important for both of them, something that even they themselves may sometimes not realize,” sums up Rodenhuis.

**Who is confident about achieving wealth?**

**36%** OF WOMEN WHO **COMMUNICATE** VERY EFFECTIVELY ABOUT MONEY WITH THEIR PARTNERS

**16%** OF WOMEN WHO **DO NOT COMMUNICATE** VERY EFFECTIVELY ABOUT MONEY WITH THEIR PARTNERS

**Who is confident about reaching retirement saving goals?**

**60%** OF WOMEN WHO **COMMUNICATE** VERY EFFECTIVELY ABOUT MONEY WITH THEIR PARTNERS

**32%** OF WOMEN WHO **DO NOT COMMUNICATE** VERY EFFECTIVELY ABOUT MONEY WITH THEIR PARTNERS

**STEP 3**  
**GET HELP**

Our survey found that women who are most confident about achieving wealth or retirement savings are working with a financial advisor. Despite this, our survey found the vast majority of women (two-thirds) aren't working with an advisor.

Finding an advisor can be as simple as asking around. "A skilled and competent financial advisor starts out with trying to understand your goals to take you to the place where you want to be. So, instead of trying to 'boil the ocean' and learning everything about financial planning, you can key in on what you want to achieve," says Rodenhuis.

Spend some time with your prospective financial advisor to see if you feel comfortable with your choice. "Start to share not only your financial goals, but also your broader life goals, as these are often inextricably linked," says Barsch. "Then a good advisor can help you translate your goals into a financial plan."

It's important that he or she has financial acumen, but you must also sense a genuine interest in your family's concerns and priorities. It's beneficial to have a financial advisor whom you trust with other areas of your life as well. "I have clients who call me and ask me about things that are not related to a financial situation—but personal issues, like 'What would you do if you were in the same situation?'" says Nicole Holand-Hong.

**Who is confident about achieving wealth?**

**36%** OF WOMEN WHO USE  
A FINANCIAL ADVISOR

**22%** OF WOMEN WHO DON'T HAVE  
A FINANCIAL ADVISOR

**Who is confident about reaching retirement saving goals?**

**60%** OF WOMEN WHO USE  
A FINANCIAL ADVISOR

**34%** OF WOMEN WHO DON'T HAVE  
A FINANCIAL ADVISOR

**STEP 4**  
**BUILD A FINANCIAL PLAN AND BE DISCIPLINED**

Building a financial plan starts by identifying your life goals. It allows you to decide what you want to do now (a trip or home remodeling) and know how the cost of that might impact what you want to do in the future. A financial plan allows you to decide what you must have, want and can do without. And it's the financial roadmap to help you reach your goals.

Financial planning isn't about getting the biggest return; it's about reaching your goals. Williams notes, "Financial planning can help you balance the risk you're willing to take with the return you'll need on your investments to achieve your goals."

No plan works unless you stick to it. As the stats show, women who are disciplined financial planners are more likely to feel confident they will achieve wealth; an even greater number feel confident they will reach their retirement goals.

One great discipline is to get everything down on paper, perhaps before you even talk with an advisor. List how much you spend

**Who is confident about achieving wealth?**

**46%** OF WOMEN WHO ARE HIGHLY  
DISCIPLINED FINANCIAL PLANNERS

**15%** OF WOMEN WHO ARE NOT PLANNERS OR  
HAVE NOT ESTABLISHED FINANCIAL GOALS

**Who is confident about reaching retirement saving goals?**

**71%** OF WOMEN WHO ARE HIGHLY  
DISCIPLINED FINANCIAL PLANNERS

**26%** OF WOMEN WHO ARE NOT PLANNERS OR  
HAVE NOT ESTABLISHED FINANCIAL GOALS

***SPEND SOME TIME WITH YOUR PROSPECTIVE FINANCIAL ADVISOR TO SEE IF YOU FEEL COMFORTABLE WITH YOUR CHOICE.***

and on what. Williams's clients are often surprised by where their money goes—entertainment and dining out are common culprits. Seeing numbers on paper also paints your entire financial picture rather than a piece of it, which is essential. “When we mapped out our goals versus our burn rate and our savings rate, it became much easier for me to be more disciplined,” says Jayme.

Sticking to the plan pays its own dividend. “Once you start seeing results, you will become committed to honoring the discipline; and it will become a habit,” promises Bast.

While it's important to remain disciplined, it's also important to refine your plan as your life changes. Life events such as getting married, having a baby or buying a home can change your goals and how you might get there.

STEP

5

## BE READY TO GO IT ALONE

At some point most women will find themselves on their own because of a divorce or, since women statistically outlive men, becoming widows. According to the U.S. Census Bureau, almost half of women over age 65 are widows. Nearly 700,000 women lose their husbands each year and will be widowed for an average of 14 years. Only 8% of widows aged 55-64 remarry.

***WHILE IT'S IMPORTANT TO REMAIN DISCIPLINED, IT'S ALSO IMPORTANT TO REFINE YOUR PLAN AS YOUR LIFE CHANGES.***

This is why women must get involved in every phase of financial planning as early as possible. A woman doesn't have to take the lead in her family's financial planning—though she well might—but, says Bast, she should certainly participate in the creation of the financial plan and take part in conversations with an advisor.

It's tougher to prepare for a divorce because it's probably not a possibility you bring up when planning your future as a couple. But divorce is common, and a woman is better protected if she is familiar with the plan put together in happier days. The same applies if the husband dies early. As Barsch points out, tragedy may bring emotional havoc, and having a solid financial plan can give you stability during a difficult time.



## CONCLUSION

Becoming financially educated proves to be the first of five vital steps women must take to increase their financial confidence and achieve their goals. In addition to education, the Forbes Insights analysis revealed that women should work with a professional to help them learn to be self-disciplined, stay objective when discussing money with a spouse or partner and be ready to go it alone—which one day most women may have to do.

# Forbes

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## INSIGHTS

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