



# Preparing for Retirement

Tips for meeting the financial challenges that arise when women take time away from work to care for loved ones



By David J. Williams, CFP®, AAMS®

**W**omen are amazing and selfless. The strong, dedicated women in my life make me strive to work harder every day and to be a better man. I reflect on times laughing over cards with my grandmother, long talks with my mom, admiring my wife with our

children, and watching my aunts take time away from their lives to care for loved ones. Women all over the country are like my aunts who take time away from their lives and careers to care for those they love—and this selfless act impacts their financial security in retirement.

It is important to recognize how the selfless act of taking time away from work can impact a woman's overall financial security in retirement. We all know how payday goes: we look at the gross income listed, and then see the dreaded deductions that go to Uncle Sam, state taxes, and employee benefits. These deductions are where the retirement challenges begin for women.

Social Security and employer-sponsored retirement plans are the largest benefits we rely upon to support us in retirement. If women miss work, work part-time, or take extended absences to care for their loved ones, they are not paying as much into Social Security or employer-sponsored retirement plans, if they're paying in at all. Therefore, in essence, women are paying to care for their loved ones.

Another factor that plays into a woman's financial security and requires planning: a longer life expectancy. My

grandmother is a perfect example of this. At 94, she's as healthy as they come. She lost my grandfather, her husband of more than six decades, several years ago.

It's not uncommon for women to live longer than their husbands, creating a twofold impact: they need more retirement savings because they'll have longer to pay for general living expenses and health care, and their tax bill will typically rise even though their income falls. This is because the single rates and standard deduction are less favorable than the married rates and standard deduction. In addition, the lesser of the two Social Security checks will go away.

Women face some unique financial situations. Fortunately, women can take steps to overcome these challenges. First, women should save early and often so their invested funds are working for them in the years they are not able to save. Next, it is imperative that women understand how Social Security works. Depending on marital status, there can be hundreds of combinations of how and when to claim benefits. Researching the best claiming option may provide increased security early in retirement and after a spouse is lost.

Planning is the key to overcoming the financial challenges women face in retirement. There are many different resources available to help women create a plan. For assistance in doing so, call me, David J. Williams, at 928.778.9151 or visit my website at [www.freedompointinc.com](http://www.freedompointinc.com).

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