

# Women & Money: Two Key Steps to Build Retirement Wealth

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By taking a holistic approach to developing a nest egg, career-minded females can overcome some major financial red flags.

Genealogists inform us that women overall are expected to live longer than men. This raises a red flag for female workers trying to build a nest egg for retirement.

How so? Consider the following review of the latest government statistics from a recent report titled “Women & Retirement Security” from Goldman Sachs. Among such findings, it warns that “there are many headwinds that are unique for women saving and preparing for retirement.” To be specific, these include:

- Women control an estimated one third of total U.S. household financial assets.
- At the same time, they comprise some 47% of the American workforce.
- Even so, women on average earn 21% lower lifetime income than men.

In short, most women must “navigate the added complexity of longer life expectancy and need to plan for their savings to last longer,” the researchers note, “putting more pressure on retirement finances.”<sup>1</sup>

Gaining financial awareness is considered a key attribute by IFA’s retirement advisors. “Women who take the time to educate themselves about the benefits of investing in a globally diversified portfolio of index

funds can put themselves into a better position to take control of their financial futures,” says Shareen Balkey, head of IFA Retirement Services.

Indeed, she adds, knowledge “is perhaps the greatest equalizer in giving women the ability to achieve a sense of financial freedom and security in building wealth over time.”

Over the years, Balkey says she has learned a few important tips to help women investors become more knowledgeable about managing their retirement savings. She lists two steps as primary to creating a path to meeting their longer-term individual financial goals:

## *Step 1: Create a Plan of Attack*

In putting together an investment portfolio, Balkey puts settling on an asset allocation strategy as key to long-term success. With this in-place, she explains, you’ve basically built a fundamental foundation to guide a long-term oriented retirement savings plan of attack.

Start with the best academic evidence available for longer-term minded investors, suggests Balkey. She notes that market research by Nobel laureates such as

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**footnote:** 1. Goldman Sachs, “Women & Retirement Security,” Dec. 7, 2022

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Eugene Fama, Robert Merton and Myron Scholes inform us that a vast majority of expected returns are likely to come from allocations between stocks and bonds.

Along these lines, IFA offers a complimentary online tool to help determine the most risk appropriate portfolio for you to implement. It's presented in the form of a questionnaire, which is referred to as the Risk Capacity Survey. Retirement plan participants, for example, can choose between a five-question format and a more detailed 19 question survey.

IFA Retirement Services strongly recommends taking the longer version, if possible. Either way, however, after completing the IFA Risk Capacity Survey a report will be generated with a breakdown of your individual investment criteria and a suggested portfolio. You can find it at: <https://www.ifa.com/survey>

### Step 2: Align Your Household Budget

A portfolio is only part of an overall investment strategy. Do you own a house? How many cars or other big-ticket items can be counted as part of your broader financial situation? Almost anything that represents a sizable expense should be part of your household budget, observes Balkey.

"You don't have to be a billionaire to have an estate and a well-considered estate plan," she says.



Connecting the dots between investment planning and estate planning is old fashioned household budgeting. In such a sense, single as well as married women should develop and maintain a way of tracking how much they're spending on an ongoing basis. Also, Balkey encourages women to compare monthly expenses to household income.

The difference between these basic budgeting categories should provide a view of whether your lifestyle is sustainable — and, says Balkey, complementary — to your "big picture" retirement plans.

"A good retirement plan should be holistic in nature — it needs to take into account not only your investment portfolio, but also everything else that feeds and completes your entire financial picture," she adds. "Women, in particular, should especially be aware of how lifestyle choices can impact their capacity to save for the future."