

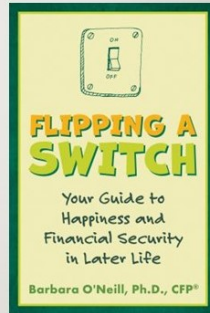
Money Talk: ***What Women Need to Know About Money***



Dr. Barbara O'Neill, CFP®, AFC®
Owner/CEO

Money Talk: Financial Planning Seminars and Publications

Personal Introduction



ESTABLISHED 1992

RE-ESTABLISHED 2020

BARBARA O'NEILL, PH.D., CFP®, AFC
OWNER/CEO

I write, speak, and review content about personal finance.

Author of *Flipping A Switch: Your Guide to Happiness and Financial Security in Later Life*

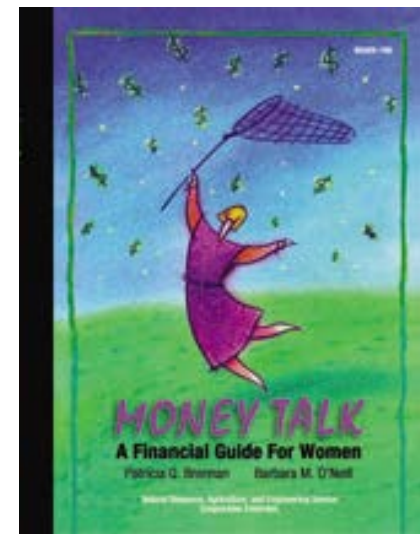
Former Rutgers Cooperative Extension
Personal Finance Specialist (NJ)

Currently a financial education entrepreneur



Co-Author of *Money Talk: A Financial Guide for Women*

Live in Stone Creek, Ocala



Disclaimers

I do **not** sell any products or services to consumers.

Disclaimer Statement

Mention of a proprietary product or commercial firm orally, in text, or in figures does not constitute an endorsement by the presenter and does not imply approval to the exclusion of other suitable products or firms.

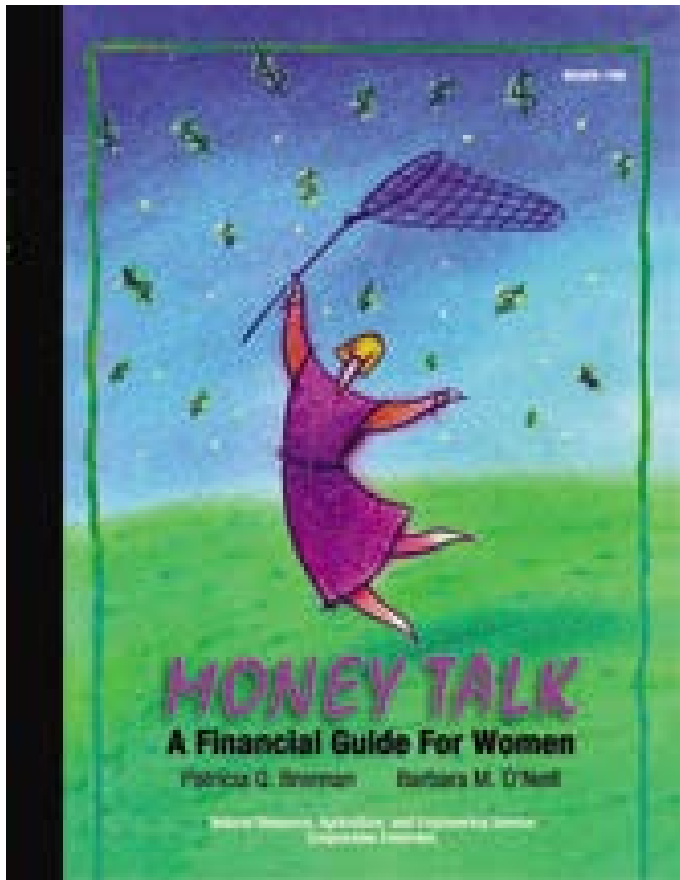
This presentation should not be construed as legal or financial advice. If professional assistance is required, the services of a competent professional should be sought.

Class Format

- About 60 minutes- Slide presentation
- About 30 minutes- Financial Q and A



Helpful Personal Finance Resources



Free download access to *Money Talk* book:
https://www.moneytalkbmo.com/_files/ugd/c6e257_24fd1d34a023404ba93df3167914f4be.pdf

Marginal tax rate schedules (Rutgers Cooperative Extension):
<https://njaes.rutgers.edu/money/tax-info/>

2024 Annual Limits Relating to Financial Planning (College for Financial Planning):
<https://drexel.edu/~media/Files/graduatecollege/coffee-seminars/2024-annual-limits.ashx?la=en>

Why a Special Personal Finance Class for Women?

- Women live longer, on average, than men
- Women earn less, on average, than men
- Women are more likely to have employment gaps
- Women are more likely to be more negatively impacted by divorce and widowhood
- Many women defer financial tasks to others and lack financial experience



This Quote Says It All

No matter how much women prefer to lean, to be protected and supported, nor how much men prefer to have them do so, they must make the voyage of life alone, and for safety in an emergency they must know something of the laws of navigation.

Elizabeth Cady Stanton, 1892



So Does This Bumper Sticker



Source:



Concerning Comments

“I don’t need these [personal finance classes]. My financial guy takes care of everything”

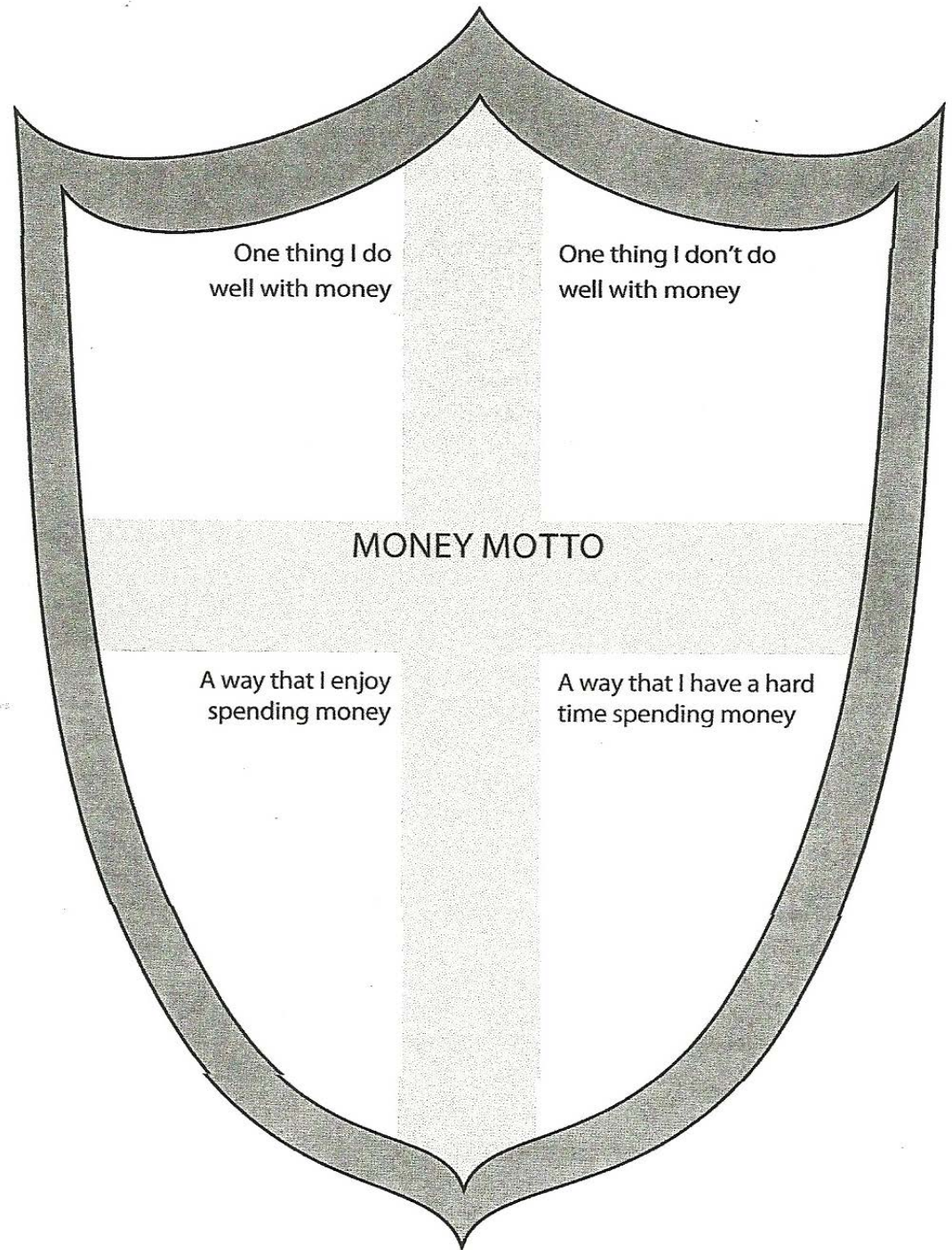
“My husband handles all of our finances”



MTP Kick-Off Exhibits



***Activity #1:
Let's Get to
Know Each
Other***



Activity #2

What financial topics do you have questions about?



What Are *YOUR* Financial Values?

Values Clarification

Your values are the beliefs that define what is most important to you. They guide each of your choices in life. For example, someone who values family might try to spend extra time at home, while someone who values success in their career may do just the opposite. Understanding your values will help you recognize areas of your life need more attention, and what to prioritize in the future.

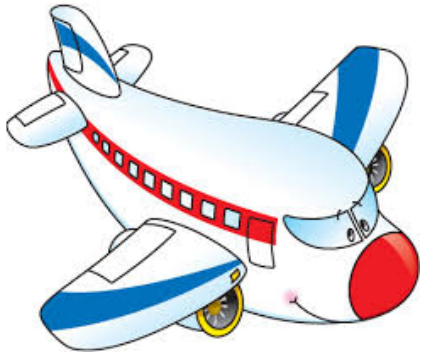
Select the 10 most important items from the following list. Rank them from 1-10 with "1" being the most important item.

- | | |
|---|---------------------------------------|
| <input type="checkbox"/> Love | <input type="checkbox"/> Honesty |
| <input type="checkbox"/> Wealth | <input type="checkbox"/> Humor |
| <input type="checkbox"/> Family | <input type="checkbox"/> Loyalty |
| <input type="checkbox"/> Morals | <input type="checkbox"/> Reason |
| <input type="checkbox"/> Success | <input type="checkbox"/> Independence |
| <input type="checkbox"/> Knowledge | <input type="checkbox"/> Achievement |
| <input type="checkbox"/> Power | <input type="checkbox"/> Beauty |
| <input type="checkbox"/> Friends | <input type="checkbox"/> Spirituality |
| <input type="checkbox"/> Free Time | <input type="checkbox"/> Respect |
| <input type="checkbox"/> Adventure | <input type="checkbox"/> Peace |
| <input type="checkbox"/> Variety | <input type="checkbox"/> Stability |
| <input type="checkbox"/> Calmness | <input type="checkbox"/> Wisdom |
| <input type="checkbox"/> Freedom | <input type="checkbox"/> Fairness |
| <input type="checkbox"/> Fun | <input type="checkbox"/> Creativity |
| <input type="checkbox"/> Recognition | <input type="checkbox"/> Relaxation |
| <input type="checkbox"/> Nature | <input type="checkbox"/> Safety |
| <input type="checkbox"/> Popularity | <input type="checkbox"/> _____ |
| <input type="checkbox"/> Responsibility | <input type="checkbox"/> _____ |

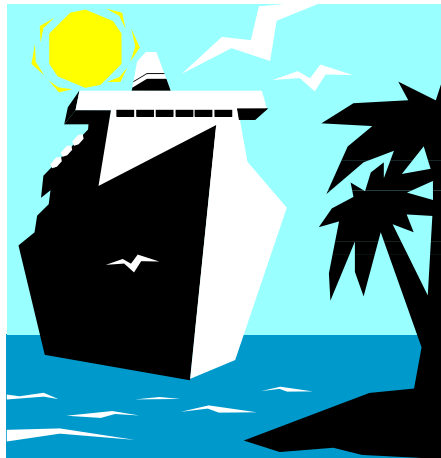
- Personal beliefs about what is important
- Guide how people spend their time and money
- *Ten Things I Love to Do* (*Money Talk* book, p. 7.)
- Therapist Aid Worksheet: <https://www.therapistaid.com/worksheets/values-clarification.pdf>

What Are YOUR Financial Goals?

Make Them SMART



My Bucket List



SMART Goal Template



Goal-Setting Template

I want to...

Specific

_____ [Describe a Goal]

Measurable

by _____

_____ [Specify a Deadline Date]

Achievable

so I will...

Relevant

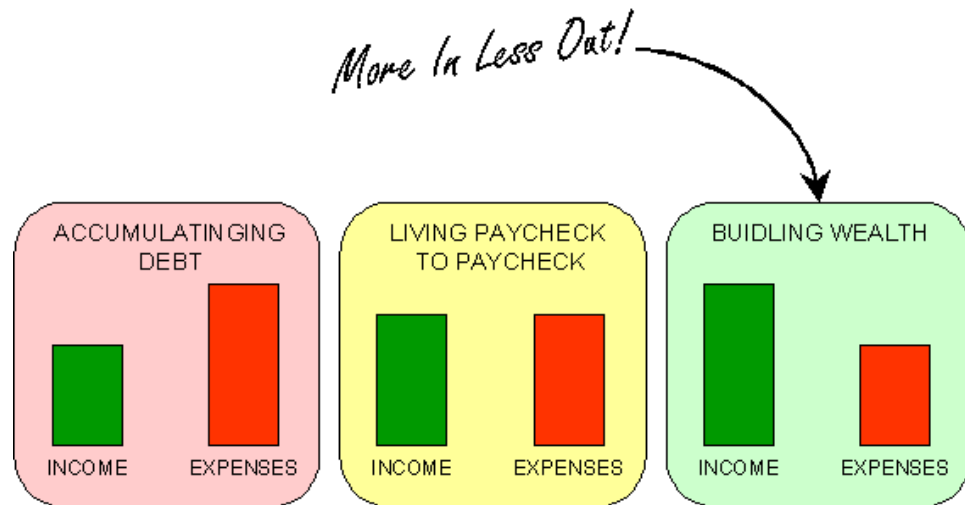
_____ [Describe Action Step(s)]

Timely

to reach my goal on time.

Managing Cash Flow

- Cash Flow: Relationship between income and expenses
 - Positive cash flow
 - Negative cash flow
- Three ways to improve cash flow
 - Increase income: ideas?
 - Reduce expenses: ideas?
 - Do both



Spending Plan/Budget

<https://njaes.rutgers.edu/money/pdfs/fs421-worksheet.pdf>

Spending Plan Worksheet

- Instructions:**
1. Calculate monthly net income in box 1
 2. Estimate monthly expenses (sum of fixed (2a), controllable (2b) and monthly portion of periodic expenses (2c))
 3. Compare income and expenses and make adjustments

1. Monthly net income	
Net* monthly wages	\$ _____
Net monthly wages of others in home	\$ _____
Public assistance/food stamps	\$ _____
Unemployment/disability	\$ _____
Child support/alimony	\$ _____
Social Security/retirement	\$ _____
Other	\$ _____
Other	\$ _____
Total monthly net income	\$ _____

* After tax withholding and other deductions

3. Compare income & expenses	
Net* monthly income	\$ _____
Estimated expenses:	
Fixed.....	\$ _____
Controllable.....	\$ _____
Periodic.....	\$ _____
(monthly portion)	
	minus \$ _____
Balance	\$ _____

2c. Periodic expenses	
These are expenses that come up once or twice a year. Fill in the estimated costs under the month they are due. Taxes, insurance premiums, auto servicing, tires, license, birthdays and holidays, educational costs, vacations, etc. Do not include taxes withheld from your paycheck, but do include estimated tax payments you make to the IRS. Add your total yearly periodic expenses and divide by 12 to determine the monthly portion.	
Jan _____	July _____
Feb _____	Aug _____
Mar _____	Sept _____
Apr _____	Oct _____
May _____	Nov _____
June _____	Dec _____
Subtotal \$ _____	Subtotal \$ _____
$\frac{\text{Total Periodic Expenses}}{12} = \text{Monthly portion periodic expenses}$	

Spending Plan Worksheet

2a. Fixed expenses

Housing	
Rent or Mortgage	\$ _____
Insurance/Taxes*	\$ _____
Utilities	
Telephone	\$ _____
Heating	\$ _____
Electricity*	\$ _____
Trash/garbage	\$ _____
Water	\$ _____
Sewer	\$ _____
Cable	\$ _____
Other: _____	\$ _____
Credit Card Payments	
_____	\$ _____
_____	\$ _____
_____	\$ _____
Auto	
Loan payment	\$ _____
Insurance*	\$ _____
License	\$ _____
Child Support/Alimony	\$ _____
Life Insurance*	\$ _____
Other	
_____	\$ _____
_____	\$ _____
_____	\$ _____
Total Monthly Estimated Fixed Expenses	\$ _____

2b. Controllable expenses

Food	
Groceries	\$ _____
Food eaten out	\$ _____
Household Expenses	
Repairs & supplies	\$ _____
Furnishings & appliances	\$ _____
Outside upkeep	\$ _____
Transportation	
Gas and repairs	\$ _____
Other transportation	\$ _____
Personal/Medical Care	
_____	\$ _____
Education/Reading	
_____	\$ _____
Travel & Entertainment	
_____	\$ _____
Child/Elder Care	
_____	\$ _____
Charity/Gifts/Special Expenses	
_____	\$ _____
Clothing	
_____	\$ _____
Savings	
_____	\$ _____
Other	
_____	\$ _____
Total Monthly Estimated Fixed Expenses	\$ _____

* Monthly portion of premiums if NOT paid by employer OR automatically deducted from your paycheck OR listed with your periodic expenses on page 2.

Calculating Net Worth

$$\begin{array}{|c|} \hline \text{Items of Value} \\ \hline \text{(what you own)} \\ \hline \end{array}
 -
 \begin{array}{|c|} \hline \text{Amounts owed} \\ \hline \text{(what you owe)} \\ \hline \end{array}
 =
 \begin{array}{|c|} \hline \text{Net Worth} \\ \hline \text{(your wealth)} \\ \hline \end{array}$$

<https://njaes.rutgers.edu/money/pdfs/net-worth-calc-worksheet.pdf>

Net-Worth Calculation Worksheet

An important step in gaining financial control is to calculate your net worth (assets - debts). Every year, your net worth should be tabulated to review your progress and compare it with your financial goals. In addition, a net-worth statement is a valuable aid in planning your estate and establishing a record for loan and insurance purposes.

Assets (What You Own)

Cash:

Cash On Hand _____
 Checking Account _____
 Savings Accounts _____
 Money Market Funds _____
 Cash Value of Life Insurance _____
 Other _____

Real Estate/Property:

Home _____
 Land _____
 Other _____

Investments: (Market Value)

Certificates of Deposit _____
 Stocks _____
 Bonds _____
 Mutual Funds _____
 Annuities _____
 IRAs _____
 401(k),403(b), 457 Plans _____
 Pension Plan _____
 Other _____

Personal Property: (Present Value)

Automobiles _____
 Recreational Vehicle/Boat _____
 Home Furnishings _____
 Appliances and Furniture _____
 Collections _____
 Jewelry and Furs _____
 Other _____

Total Assets _____

Liabilities (What You Owe)

Current Debts:

Household _____
 Medical _____
 Credit Cards _____
 Department Store Cards _____
 Back Taxes _____
 Legal _____
 Other _____

Mortgages:

Home _____
 Land _____
 Other _____

Loans:

Bank/Finance Company _____
 Bank/Finance Company _____
 Automobile _____
 Recreational Vehicle/Boat _____
 Education _____
 Life Insurance _____
 Personal (from family or friends) _____
 Other _____

Total Liabilities _____

Total Assets Minus Total Liabilities = Net Worth

Why Calculate Net Worth?

- Measure financial progress
- Identify financial strengths
- Identify “issues”
 - High household debt
 - Lack of diversification
 - Inadequate emergency fund
- Calculate home equity

$$\begin{array}{|c|} \hline \text{Items of Value} \\ \hline \text{(what you own)} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Amounts owed} \\ \hline \text{(what you owe)} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Net Worth} \\ \hline \text{(your wealth)} \\ \hline \end{array}$$

Seven Tips for Smart Borrowing

- Shop for credit using “The Rule of Three”
- Pay bills in full, if possible; otherwise more than minimum
- Avoid being “upside down” on car loans
- Pay bills promptly to lower average daily balance
- Check credit report & score regularly
- Request a lower interest rate
- Select credit cards that match debt repayment style



Check Your Consumer Debt-to-Income Ratio

- Total monthly debt payments (excluding mortgage)
- Divide into net (take-home) income
 - **Examples:** $250 \div 2,500 = .10$ (10%)
 $350 \div 2,500 = .14$ (14%)
 $450 \div 2,500 = .18$ (18%)
- Ratio should not exceed 15% to 20% (danger zone)
- With housing costs (rent or mortgage), ratio should not exceed 40% to 50%



Beware of Credit Traps

- Late fees
- Over-the-limit fees
- Penalty APRs
- Balance transfer fees
- Skip-a-month offers
- 90 day (or longer) “same as cash” offers
- Payday lenders



Insurance Basics

- “Large Loss Principle”
- Major “large loss” risks for older women
 - Death of a spouse
 - Damage to, or destruction of, home
 - Liability losses due to court judgements
 - Large medical expenses
 - Long-term care expenses



General Insurance Tips

- Insure for major losses
- Choose a highly rated insurance company
- Pay premiums annually or semi-annually
- Ask about available discounts and scenario pricing
- Contact SHINE for info about Medigap and LTC policies
- Planning opportunity: No penalty to use HSAs for non-medical expenses at age 65+



Investment Risks



-
- **Market Risk-** Security prices drop as a result of an overall market downturn
 - **Interest Rate Risk-** Inverse relationship between interest rates and the value of fixed-income securities (i.e., bonds)
 - **Inflation (Purchasing Power) Risk-** Loss of buying power due to a rise in prices
 - **Business Risk-** Affects only one company or industry

Two Types of Investments

- **Loanership**

- You lend money to a company or government entity
- You receive a pre-determined interest rate
- You are promised a return of your original principal

- **Ownership**

- You own all or part of an investment
- Investment value fluctuates
- *Potential* higher return due to increased value



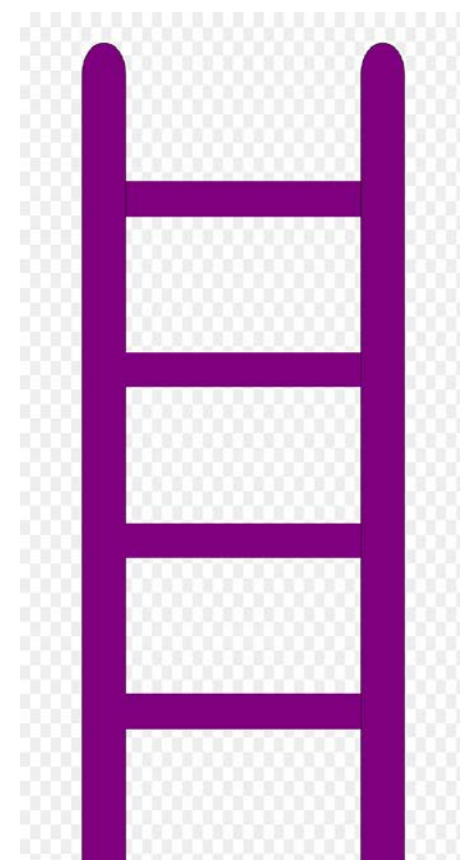
Investment Risk Categories

Profile	Type of Investment	Expected Return
Conservative	mostly fixed income investments – bonds, CDs	2-8%
Moderate	mostly stocks and mutual funds	8-11%
Aggressive	high risk stocks	10-15%

Investment Risk Tolerance Assessment
(University of Missouri):
<https://pfp.missouri.edu/research/investment-risk-tolerance-assessment/>

Investment “Rungs”

- **Rung 1:** Treasury securities, bank CDs, money market accounts, fixed rate annuities
- **Rung 2:** Municipal bonds and corporate bonds (BBB+ for investment grade), mortgage-backed securities, bond mutual funds and ETFs
- **Rung 3:** Stocks, stock mutual funds and ETFs, variable annuities
- **Rung 4:** Sector funds, international and emerging market funds, small company stocks/stock funds, commodities, options, penny stocks, precious metals, cryptocurrency



Asset Allocation

- Process of putting together a diversified portfolio
- Mix different assets in varying proportions
 - **Example:** 40% stocks, 40% bonds, 20% cash assets
- Spreads out investment risk
- Percentage of stock determined by
 - Age
 - Investing experience
 - Risk tolerance level
 - Time frame for investing



Asset Allocation “Rules of Thumb”

- Aggressive investors:
 - $115 \text{ (or } 120) - \text{age} = \% \text{ in stock}$
 - **Age 65:** 50% (55%)
- Conservative Investors:
 - $100 - \text{age} = \% \text{ in stock}$
 - **Age 65:** 35%
- These are just **guidelines**...not “one size fits all”
 - **Example:** Retirees with a pension *may* want more stock



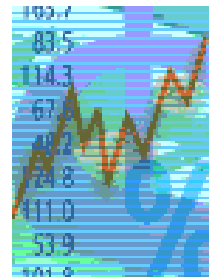
Portfolio Pointers

- Periodically rebalance portfolio to maintain original weightings
 - Sell “overweighted” asset class
 - Buy “underweighted” asset class (new money)
 - Do on a fixed date or when there is a 5% to 10% shift
- Match investments to goal time frame
 - 2 years or less: money market fund, CDs
 - 2 to 5 years: treasury notes, ST bond funds
 - 5 to 10 year: stocks, stock funds, balanced funds



Risk and Reward

- Data exist on average returns of asset combinations (e.g., 90% stock, 10% cash)
 - <https://investor.vanguard.com/investing/how-to-invest/model-portfolio-allocation>
- Past returns are no guarantee of future returns
- The more stock in the mix...
 - the greater potential for high average returns
 - the more volatility (“spread” between gains and losses)



Break-Even (Minimum) Rate of Return (RR)

- **Total return** = income + change in value of an investment
- **Minimum RR:** return needed to stay ahead of taxes and inflation
 - Inflation rate/100-tax bracket rate
 - *Examples:* $3/100-.22 = 3/.78 = 3.8\%$
 $6/100-.22 = 6/.78 = 7.7\%$
 - “It’s what you keep”



Building an Investment Portfolio

- Determine % of money in each broad asset class (e.g., 50% equity, 50% fixed income)
- Break down into more specific categories
 - **Equity Example:** 10% real estate, 40% stocks
 - **Fixed-Income Example:** 30% bonds, 20% cash
- Identify specific mutual funds or securities to invest in
 - Read prospectuses and performance data
- Regular portfolio rebalancing



Investment Record-Keeping: What to Keep

- Tax returns (3-6 years after filing)
- Retirement plan records
- Annual account statements
- Beneficiary designation list:
<https://njaes.rutgers.edu/money/pdfs/beneficiary-designations.pdf>
- Digital asset list:
<https://njaes.rutgers.edu/money/pdfs/Digital-Assets-Worksheet.pdf>



Steps to Successful Retirement Planning (and Living)

- Identify/set pre-retirement and post-retirement goals
 - How do you plan to spend your time?
- Estimate length of retirement (consider health status)
- Determine net worth
- Estimate retirement income and expenses
- Balance expenses and income
- Plan for the effects of inflation
- Evaluate and revise your plan regularly



Key Retirement Planning Questions for Online Calculators

- Current age and projected retirement age?
- How long will you live?
- What will be your source(s) of income?
- How much income do you need each year?
- How much money have you already saved?
- How comfortable are you taking investment risks?



Spending Plan Changes in Retirement

- Likely to *Increase*

- Medical expenses
- Dental expenses
- Health insurance premiums (Medicare Parts B and D, Medigap policies)
- Travel and entertainment
- Philanthropy, gifts

- Likely to *Decrease*

- Auto insurance
- Auto expenses/tolls/gas
- Clothing
- Utilities, property taxes, home maintenance (if downsizing)

- May **Increase or Decrease**

- Income taxes
- Housing



Sources of Retirement Income

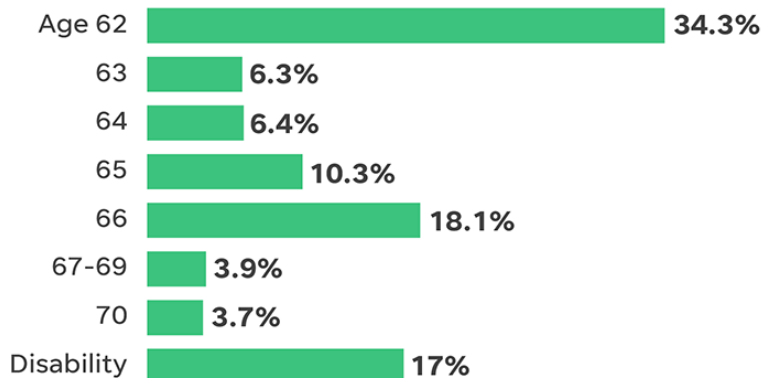
- Social Security
- Employer pensions and tax-deferred plans
- Savings and investments
 - Taxable accounts (e.g., stocks, bonds, mutual funds)
 - Rental real estate
 - Tax-deferred accounts (e.g., IRAs, SEPs) and RMDs
- Other assets (e.g., house, coins, antiques)
- Employment earnings



Social Security

- Based on lifetime earnings (35 years)
- Must meet work requirement yourself or be married to eligible worker for 10 years
- Earnings limits before FRA
- ~34% of people claim at age 62

When people claim Social Security



Year Born	Full Retirement Age (FRA) 100% Benefit
1937	65
1938	65 and 2 months
1939	65 and 4 months
1940	65 and 6 months
1941	65 and 8 months
1942	65 and 10 months
1943 to 1954	66
1955	66 and 2 months
1956	66 and 4 months
1957	66 and 6 months
1958	66 and 8 months
1959	66 and 10 months
1960 and later	67

How to Balance Retirement Expenses and Income

- Save more money before retiring
- Delay retirement date
- Increase income while retired (e.g., part-time job)
- Reduce retirement expenses
- Tap into home equity, if needed
- Earn a higher rate of return on savings



Choosing Investing and Financial Planning Professionals

- Get referrals from friends and other professionals

<https://www.letsmakeaplan.org/>

<https://www.plannersearch.org/>

<https://www.napfa.org/find-an-advisor>

- Interview at least three advisors
- Ask questions
- Compensation methods: flat fee, AUM (assets under management) fee, commission, fee and commission



Estate Planning Tips

- Prepare “Big Three” Documents: will, durable power of attorney, and living will
 - Have critical conversations with people named as agents
- Write a letter of last instructions
 - Non-titled property transfers, burial wishes, memorials, obituary
- Regularly review beneficiary designations
- Regularly review estate plans; revise as needed
- Make sure property titles do not conflict with will
- Consider tax-advantaged charitable gifting



My Future MTP Financial Classes

November 6- *Money After 70*

November 13- *Retirement Risks and How to Reduce Them*



December 4- *What's New in Personal Finance: 2024 Edition*

Winter/Spring 2025- 12 classes (5 new)

Class Wrap-Up

**THANK YOU
FOR YOUR GIFT OF TIME!**

Questions?

Comments?

Experiences?

