Nancy J. LaPointe
MBA, CFP®, ChFC®, CLU®, CASL®, RICP®
Financial Planner, Wealth Manager,
*Investment Adviser Representative**

NAVIGATE FINANCIAL
Charting Your Journey

Financial Planning Considerations for Single Women

Presented by Nancy J. LaPointe

For various reasons, the state of a woman's financial security often depends on her marital status. A study from the U.S. Government Accountability Office says that women's household income dropped by 41 percent after divorce, nearly double the size of the decline men experienced. In 2020, women earned just 82.3 cents on the dollar compared with men, according to the Department of Labor's Bureau of Labor Statistics, a gap that was more pronounced for women of color. And women earn less than their male counterparts in nearly every occupation. Whether you are newly divorced, widowed, or single by choice, the following tips could help you shore up your financial security.

Be involved in your finances. A Stanford Center on Longevity study found that women tend to be as confident as men in making routine financial decisions but much less confident—and usually less involved in—making major financial decisions such as saving for retirement or investing.

In many cases, a woman going through a divorce or the loss of a spouse may not be aware of their family's full financial situation. If you are currently married, you should be actively involved in major financial decisions and have access to all financial records.

Plan ahead at work. When you have confidence in your financial status—if you have a strong financial plan in place and you've built up savings and emergency funds—you may be more confident asking for what you deserve at salary-review time.

Back up your claims for a raise. Support your proposal by documenting any significant accomplishments you've made over the past year, particularly ways you've contributed to your company's financial success.

Explore your career options. Employees tend to earn salary increases when they switch jobs. Exploring job opportunities every few years could confirm whether your current salary is appropriate, give you a reason to negotiate for a raise at your current job, or inspire you to make a career leap.

Don't share your salary. Telling a recruiter your current salary or earning history can result in a lowball offer. When applying for jobs, you can see what comparable positions in your area pay by reviewing popular salary websites. Keep in mind that you can always ask for more after the initial salary offer.

Factor in the cost of caring for others. The National Alliance for Caregiving and AARP 2020 report on caregiving in the U.S. found that 61% of caregivers are female, and that female caregivers are less likely to work while providing care. When working on a financial plan with your advisor, incorporate the cost of childcare, including after-school support if your work hours require it. Consider long-term care and disability insurance coverage so that you won't have to leave the workforce to care for a spouse experiencing a health event.

Revisit your beneficiaries. A change in marital status triggers the need to see who will inherit your assets. At least 26 states have statutes that automatically revoke beneficiary designations naming a spouse in the event of a divorce—which may not be what you want. You may also need to revisit who you have designated to help with your estate, such as your attorney-in-fact, health care proxy, and executor.

Tips for New Divorcées and Widows
In addition to understanding your own retirement benefits, you should know about any spousal benefits you may be entitled to. If the marriage lasted for at least 10 years and you haven't remarried, you could be eligible for half of your ex-spouse's social security benefit amount at their full retirement age, even if they're not actively collecting it. The total amount you are owed and when you should start collecting will depend on your age, your personal earnings, your life expectancy, and whether you remarry.

For retirement benefits, you would need at least a 10-year work history to qualify for your own social security benefits. To maximize these benefits, you may want to delay when you start collecting until age 70, depending on your life expectancy.

Tips for Women Who Are Single by Choice
If you don't have a spouse or a child, an estate plan can ensure that your wealth is effectively distributed. Generally, this means that assets would go to a parent or sibling if there's no surviving spouse or child and more remote family members if there are no surviving parents or siblings. If you have a large extended family, you may prefer that your wealth go to nieces, nephews, and charities.

Taking Charge
Whether it's by necessity because of a life change or you just want to become more involved in your finances, you can take charge of your financial security by staying fully informed of your options—and the many considerations that go into solidifying your current financial situation, maximizing retirement benefits, and properly planning your estate.

###

Nancy J. LaPointe is a financial advisor located at Navigate Financial, 3663 College St. SE, Suite B, Lacey, WA 98503. She can be reached at 360-628-8175 or at nancy@navigatefinancialNW.com.