Start to Finish:
The early career woman’s guide to financial wisdom
Today’s agenda

- Creating a healthy relationship with money
- Challenges most women face in financial planning
- Activity: You are what you spend
- Budgeting, debt, saving and investing
- Net worth and cash flow
- Balancing retirement into the budget
- Real life applications
Creating a healthy relationship with money

Carrie’s dilemma:

Needs $10,000 for down payment

- Rent: $750/month
- Shoes: $333/month
- Utilities & transportation: $413/month
- Food: ??
- Credit card bills: ??

Approximate income: $1,200/month
Research indicates that women:

- Are not very confident about being financially comfortable in retirement
- Often guess about what their retirement savings should be
- Tend not to use a financial advisor

Transamerica Center for Retirement Studies, “Fourteen Facts About Women’s Retirement Outlook ... and Seven Steps to Improve It,” March 2014
Begin at the beginning

You are what you spend

Housing – ?
Utilities – ?
Transportation – ?
Food – ?
Entertainment – ?
Debt – ?
Savings – ?
Healthcare – ?
Retirement – ?

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Retirement challenges women may face

- May need to save more money due to longevity
- May have fewer years to save the necessary amount
- May not be able to save as much from year to year
Budgeting basics

- Survival economics: Non-negotiables versus optionals
- Getting the most out of your money to fund your lifestyle

*Statistics from Dave Ramsey, "Total Money Makeover," 2013*
Taking debt into account

- $2,500 purchase; 19.8% APR; 2% minimum payment
- How long will it take to pay off this debt?

Credit card repayment
$2,500 vs. $10,701.16

- Principal – $2,500
- Interest – $8,201.16

Assumes $2,500 initial balance, 19.8% APR compounded monthly, minimum payment of 2% or $10, if minimum is less.
31 years!!!
The importance of smart saving

- Allocate a percentage to savings
- Why saving now is important
- Think about what you’re saving for
- Practical tips
  - Compound interest
  - Change small habits—think about the little things
- Start an emergency fund
Getting started—tools to help

- Determine your net worth (page 13)
  Assets - Liabilities = ???
- Review your cash flow (page 15)
  Income - Expenses = ???
- TIAA.org

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### Cash flow worksheet: Preretirement

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Gross Salaries: $</td>
<td>Wages, Salaries: $</td>
</tr>
<tr>
<td>Income from Self-Employment: $</td>
<td>Home/Rental Insurance: $</td>
</tr>
<tr>
<td>Part-Time Employment: $</td>
<td>Property Taxes: $</td>
</tr>
<tr>
<td>Allowance/Child Support: $</td>
<td>Maintenance: $</td>
</tr>
<tr>
<td>Dividends/Interest: $</td>
<td>Loans (car, home, etc.): $</td>
</tr>
<tr>
<td>Retirement: $</td>
<td>Cable/Satellite TV: $</td>
</tr>
<tr>
<td>Rent: $</td>
<td>Telephone (mobile &amp; fixed): $</td>
</tr>
<tr>
<td>Real Estate: $</td>
<td>Food (groceries, etc.): $</td>
</tr>
<tr>
<td>Tax Refund: $</td>
<td>Child Care: $</td>
</tr>
<tr>
<td>Borrow: $</td>
<td>Car Payment: $</td>
</tr>
<tr>
<td></td>
<td>Auto Insurance: $</td>
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<tr>
<td>Extraordinary income: $</td>
<td>Entertainment (music, sports, etc.): $</td>
</tr>
<tr>
<td>Grants/Prizes: $</td>
<td>College Savings: $</td>
</tr>
<tr>
<td>Inheritance: $</td>
<td>Clothing: $</td>
</tr>
<tr>
<td></td>
<td>Vacation: $</td>
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<tr>
<td></td>
<td>Credit Card Payments: $</td>
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<tr>
<td></td>
<td>Other Debt (student loans, etc.): $</td>
</tr>
<tr>
<td>Social Security Benefits: $</td>
<td>Medical/Drug: $</td>
</tr>
<tr>
<td>Disability Benefits: $</td>
<td>Health Insurance: $</td>
</tr>
<tr>
<td>Retirement Benefits: $</td>
<td>Life Insurance: $</td>
</tr>
<tr>
<td>Survivor Benefits: $</td>
<td>Long Term Care Insurance: $</td>
</tr>
<tr>
<td></td>
<td>Disability Insurance: $</td>
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<tr>
<td></td>
<td>Savings/Investments: $</td>
</tr>
<tr>
<td></td>
<td>Your Contribution to Employee’s Retirement Plan: $</td>
</tr>
<tr>
<td></td>
<td>Your Additional Contribution to Employee’s Retirement Plan: $</td>
</tr>
<tr>
<td></td>
<td>Total Income: $</td>
</tr>
<tr>
<td></td>
<td>Other: $</td>
</tr>
<tr>
<td></td>
<td>Total income: $</td>
</tr>
</tbody>
</table>

Income - Expenses = Funds available: $
The power of saving early

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Assumptions: 6.0% rate of return with no withdrawals during the periods indicated. Monthly contribution of $100.
This example is purely hypothetical and is not intended to predict or project performance. This example does not reflect the deduction of any fees or expenses and is not intended to predict or project an investment rate. If expenses were included, the performances would be lower. Actual returns will vary.

THE COST OF DELAYING 10 YEARS = $93,770!
The basics of investing

- What is investing and why would I do it?
- Importance of diversification
- Investment products: IRA versus Roth IRA
Understanding diversification

- Spreads risk among different asset classes
  - Guaranteed*
  - Fixed Income
  - Equities
  - Real Estate
  - Cash/Money Market
- Potentially reduces overall portfolio volatility
- To diversify**, allocate assets...
  - Across asset classes
  - Within asset classes

* Guaranteed by the claims-paying ability of the issuer
** Diversification does not guarantee against losses.
Understanding market volatility

Diversification is a technique to help reduce risk. There is no guarantee that diversification will protect against a loss. Past performance is no guarant. Source: ©2016 Morningstar Investment Management LLC. All rights reserved. Morningstar Investment Management LLC is a registered investment Morningstar, Inc. The Morningstar name and logo are registered marks of Morningstar, Inc. Chart illustrates returns from 1/1/1926 to 12/31/2015. Benchmarks: S&P 500 Index, Ibbotson U.S. Long Term Corporate Bonds, Ibbotson U.S. Long Term Government Bonds, Ibbotson U.S. 30-Day Treas. Index for All Urban Consumers (CPI-U). You cannot invest directly in an index.
How to save for retirement

- Employer-based plans, and matching
- Non-employer-based options
- Defined Benefit versus Defined Contribution plans
- Tax-deferred versus after-tax
- Consider Social Security—visit ssa.gov
The adventure begins…

- Invest sooner to give money the opportunity to compound over time
- Maximize employer match
- Utilize tax advantages
- Prioritize and keep spending in check
Additional Women’s Resource: The women’s community

Woman2Woman: Financial Living at TIAA.org/woman2woman

Watch: Ask The Expert: Live Webinar
Manisha Thakor & Shelly Eweka discuss saving for retirement and more

Late start on retirement savings
Six Moves for Women getting a late start saving for retirement

Ask The Expert: Live
Read Q&A from the live webinar
SEARCH QUESTIONS
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Listen in: iTunes podcasts

Carry us with you: Savings Simplifier iPhone application

Download on the App Store
Thank You
Only 12% of women say they are "very confident" in their ability to fully retire with a comfortable lifestyle. 62% of women guess what their retirement savings needs would be, yet only 36% of women use a professional financial advisor.


In fact, 73% of women age 85+ were widowed.


Roughly two-thirds of family caregivers are still women. This leaves them with fewer working years. Caregiving reduces paid work hours for middle-aged women by about 41 percent. Overall, the negative impact on a caregiver's retirement fund is approximately $40,000 more for women than it is for men.


According to the Bureau of Labor Statistics, as of the first quarter of 2016, women are earning 82.2% of men's salaries based on median weekly earnings for full-time workers.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 or log on to TIAA.org for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

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