

Retirement Planning for Women: Understanding the 'Bag Lady' Syndrome



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By [Sarah Ruef-Lindquist, JD, CTFA](#)

Challenges can be different for women planning for retirement than those facing male counterparts. The phenomenon of women envisioning themselves as elderly “bag ladies” is based in very realistic concerns. But with proactive planning, beginning in early adulthood, women can take control and realistically envision economic security for their retirements.

A persistent wage gap in many fields has put women at a disadvantage in several ways: Because women earn less, women generally have less they can set aside for retirement after paying current living expenses during the accumulation years (when in the workforce). According to 2021 data on Payscale.com “The average amount of money earned by women throughout their career is \$850,000 less than that of men.”

Compounding the disadvantage, women spend a greater amount of

time out of the work force, typically related to child and other family care roles. On average, women spend 44% of their adult life out of the workforce compared to 28% for men. This can significantly add to women's disadvantage at saving to prepare for retirement years, as well as exacerbating their diminished social security participation.

According to Brookings.edu (July 2020) How does gender equality affect women in retirement?

Caregiving provided during women's 20s and 30s, when careers are formed and when age-earnings profiles are relatively steep, creates career-long earning losses. One study found that a woman with one child earns 28 percent less on average over her career than a woman without children, partially as a result of time out of the work force. (In sharp contrast, becoming a father typically does not reduce a man's earnings.) Each additional child reduces average women's earnings by another 3 percent. Women are also more likely than men to care for their aging parents—a responsibility that predominantly falls on women over the age of 50.

People who leave the labor force early to care for a parent or other elderly relative lose an average of \$142,000 in wages.

The wage gap and time out of the work force also results in women generally earning a lower social security benefit than male counterparts. In 2019, the average annual Social Security income received by women 65 years and older was \$13,505 compared to \$17,374 for men.

Moreover, women tend to live longer than men and thus rely on their retirement wealth for a longer period of time. In 2020, average life expectancy at age 65 is 21.1 years for women and 18.6 years for men...As a result, for a given level of retirement wealth at age 65, women can afford to consume about 7 percent less per year than men to make those resources last as long as

they do, according to the Brookings report.

Women fear outliving their spouses. Given greater longevity, that is not surprising. They also fear outliving their financial resources.

What can women do to address these issues while a wage gap persists, time out of the workforce and relative longevity impair their ability to earn and build for as secure a retirement as men?

Women tend to put off building a relationship with a financial advisor or delegate that activity to a partner or spouse. Rather than wait until they are in their 40's or 50's, women should begin discussing their own retirement planning in their 30's, to gain a realistic picture of what they can do to plan for retirement. The value of compounded earnings over time add value exponentially to saving early in one's working years, and a financial advisor can help increase this understanding.

A financial advisor who understands these issues and who also can empathize with what it feels like to have these financial challenges can help to increase financial literacy to empower the kind of decision making that can support more secure retirements.

Working with an advisor to build a plan as early as possible, fine-tuning that plan as the years go by while intentionally saving for retirement can set women on a path to secure retirement, and eliminate the imagined "Bag Lady" for good.

Learning About Special Terms and Conditions on a Marine Insurance Policy



Chris Richmond

By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)

Your commercial vessel's insurance policy actually consists of two separate policies: Your hull policy and your protection and indemnity policy. While the actual hull and P&I policies typically consist of accepted insurance forms, insurance underwriters always add additional terms and conditions. These are worth noting because they can significantly affect your policy.

Look at the final pages of your policy to see these special terms and conditions. While these vary by insurance company, here are a few to keep an eye out for:

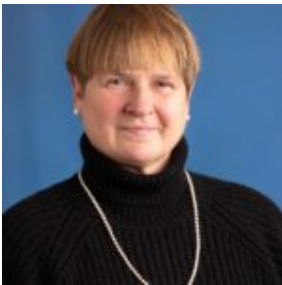
- **Commercial vessel use warranty:** This stipulates that there is only coverage for what has been declared on the policy for the vessel's commercial usage. If you are operating as a passenger vessel but decide to do some commercial fishing , be sure to notify your agent as your commercial

use warranty needs to be amended.

- **Lay up warranty:** If you do not operate your vessel year-round, you can get a break on the premium by adding a lay up warranty. But if you operate your vessel during this period no coverage will apply should you need it. Lay up warranty differs slightly from company to company but basically your boat needs to be in a state of decommission and not used for any purpose during the lay up period.
- **Diving warranty:** Do your operations sometimes involve commercial diving? This is excluded from your policy. Typically all overboard activities are excluded but some can be bought back (such as swimming or snorkeling). Diving requires a special policy.
- **Gear and cargo exclusion:** Some insurance companies will exclude fishing gear that is not permanently installed on your vessel (and your catch also will be excluded from coverage). Other cargo you are transporting may also not be covered. Cargo can often be added back on but if you are storing the cargo on shore before getting underway you will need additional coverage for that.
- **Crew warranty:** If you have crew covered on your policy, there will be a number stating how many crew members the policy is providing coverage for. Should you have more crew on board and you have not reported the increase to your insurance company, then the policy may only respond proportionally to the number of crew your policy states by the number of crew you have on board at the time of the claim.

Just as commercial vessels vary, a commercial hull and P&I policy is not a one-size-fits-all. Have a conversation with your agent about your operations and vessel usage to ensure that your insurance will be there when you need it.

2020: ESG Record Breaking Growth in the Midst of Covid-19 and Climate-Change Focus



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Originally submitted to [Pen Bay Pilot](#)

More people in the US are involved in the stock markets than ever before. If you have any retirement plan assets, like an IRA or a 401(k), chances are you have investments. For a growing number of investors, considering the impact of the companies in which they are investing is becoming a priority in selecting stock, mutual and exchange-traded funds to include in their portfolios and retirement accounts.

ESG investing involves a strategy that takes environmental, governance and social issues of companies and

their impact into account. Sometimes also referred to as “SRI” or *Socially Responsible Investing*, the use of this strategy has grown significantly over the last several decades to not just screen out “bad actors” like fossil fuels, gambling, defense industry and alcohol, but to include in mutual and exchange traded funds and investor portfolios companies creating more diverse boards and C-suite leadership, environmentally friendly policies, operations and progressive workplace conditions.

There is a growing list of mutual and exchange-traded funds with the ESG focus, a trend that has been developing for more than 30 years. But the past 4 years and most recently the pandemic has accelerated their growth exponentially. According to the Banking Exchange on February 2, 2021 Bank of America’s [ESG Matters – Quant Edge recently reported](#) that additional investments in sustainable investment strategies in 2020 reached \$255 billion, a new record. The report went on to say that 1,866 ESG equity funds saw inflows in 2020 of \$194 billion, compared to \$186 in outflows from other global equity funds. In other words, the additional amounts invested in ESG funds exceeded the funds taken out of non-ESG funds.

The article reported 141 new ESG funds were launched in 2020, most of them in Europe. In the fixed-income space, there was also significant growth: ESG bonds issued in 2020 exceeded \$500 billion for the first time. Bank of America also reported that thus far 2021 is showing stronger inflow momentum for sustainable products, with global ESG funds experiencing \$24 billion in inflows, one and a half times the pace of 2020.

Why all the increased investments in these types of offerings? One theory was cited as “...regulatory changes coming to the EU and a new presidential administration in the US” seeking to tackle climate change and address social change.

In a January 6, 2021 article on Livemint, the ESG inflows in 2020 were compared to inflows of \$63.34 billion 2019 with “conscious investing” a key theme of 2021. They cited [a BlackRock survey from December 2020](#) showing investors with \$25 trillion in assets planning to double their ESG assets in the next five years. Climate-related risks were a top concern for 88% of those 425 investors responding from 27 countries.

A [December 14, 2020 article in Forbes Why Socially Responsible Investing Is Likely to Gain Momentum Under Biden](#) noted that sustainable investing has had more growth over the last four years than the previous 12, in part because US voters perceived the need to support endeavors that could positively address climate change and social issues if government was not so inclined. The article went on to say that the growth in sustainable investing now means that in one out of three investing dollars are being invested in this manner.

In addition to more investment activity increasing the amount of funds that have a socially-conscious approach, these investments outperformed their peers that do not have an SRI or ESG strategy. Bank of America’s analysis revealed that 65% of ESG indices outperformed equivalent traditional benchmarks in 2020. The outperformance of many tech stocks in 2020 as the pandemic drove innovation and demand while fossil fuel companies suffered from the continued growth of alternatives and reduced demand supported this relative outperformance, and could continue as a tailwind as the world emerges from the pandemic economy with a renewed emphasis on climate change awareness.

Ask your financial advisor about the options available for ESG investing that would suit your particular situation. You may find that the ESG strategy could support a plan of doing well, while doing good.

Fraudsters' Top Target: Older Victims

From bankinfosecurity.com

A top trend highlighted in the latest FBI Internet Crime Report is the rise in fraudsters targeting individuals 60 years of age and older.

While not all crime reports include a victim's age, fraudsters do appear to especially target older individuals. "Victims over the age of 60 are targeted by perpetrators because they are believed to have significant financial resources," the FBI says.

Top scams encountered by older victims include:

- Advance fee schemes, which involve securing advance payment for goods or services that never arrive;
- Investment fraud schemes;
- Romance scams;
- Tech-support scams, with 84% of all known 2020 losses – more than \$116 million – tracing to individuals age 60 and over;
- Grandparent scams, in which fraudsters pretend to be a relative of the victim who's in distress;
- Government impersonation scams;
- Sweepstakes/charity/lottery scams;
- Home repair scams;
- TV/radio scams;
- Family/caregiver scams, which may lure victims into applying for fake jobs and being tricked into handling stolen goods or rerouting stolen funds.

“If the perpetrators are successful after initial contact, they will often continue to victimize these individuals,” the FBI says.

Women and the Pandemic: Planning for a Healthy Financial Future

Over the past year, we’ve all felt the effects of the coronavirus pandemic in one way or another. But, as the job losses and unemployment numbers tell us, it’s staggeringly clear that women—particularly women of color—have been disproportionately affected. Women have lost or scaled back their careers, with their labor force participation now at a [30-year low](#). At the same time, their responsibilities in terms of child care and home schooling have risen by more than [six hours per day](#). For many, it’s reached a crisis point.

If you’re one of the many women whose lives and finances have been turned upside down by the pandemic, you might be struggling with what to do next. Fortunately, there are strategies to address your immediate concerns and help you plan for a healthy financial future.

A Taxing Time

Unemployment compensation. Did you know unemployment compensation is taxable, including the additional weekly \$600 authorized by the CARES Act? (To learn more, see [Form 1099-G](#), Certain Government Payments.) At the state level, only five

states that tax income—California, Montana, New Jersey, Pennsylvania, and Virginia—do *not* tax unemployment benefits.

In recent news, the American Rescue Plan Act (ARPA) signed by President Biden on March 11, 2021, includes some tax relief. Under ARPA, the first [\\$10,200](#) of unemployment benefits received in 2020 will be tax-free for individuals whose modified adjusted gross income (MAGI) is less than \$150,000.

If you are unemployed and will continue to receive unemployment payments in 2021, there's a simple solution to minimize any future tax surprises: complete [Form W-4V](#) to voluntarily withhold taxes from your unemployment benefits. The withholding rate is a flat 10 percent.

Coronavirus-related distributions (CRDs).

If you supplemented your cash flow with CRDs from an IRA or other retirement plan (e.g., 401(k)), you will have more complex choices to consider. To help make the decision that's right for you, it's important to know all of the options:

- The full amount of the distribution may be reported as income in the year it's distributed.
- The full amount of the distribution may be reported ratably in one-third increments spread over three years. For example, an individual who received a \$9,000 CRD in 2020 would report \$3,000 in income in 2020, 2021, and 2022.
- Individuals have a three-year window that begins the day after they receive a distribution to recontribute all or a portion of it to a retirement plan or IRA.
- Individuals who reported a CRD and then rolled it back into an IRA or retirement plan can claim a refund for the income tax paid in a prior year.

Please note: The choice to report a distribution in one year or to spread it out ratably over three years is irrevocable, so it requires careful consideration.

Health Care Coverage

Health insurance can be the biggest immediate worry after losing a job, especially for single mothers who can't rely on a spouse's coverage. Fortunately, there are several options at your disposal. For example, you may be eligible for Medicaid coverage, especially if you live in one of the 39 states that recently [expanded the Medicaid program](#). Alternatively, the Affordable Care Act's (ACA's) [Health Insurance Marketplace](#) provides all Americans with nationwide access to health insurance.

Extended open enrollment. For those who missed the fall open enrollment period for ACA insurance or who want to make changes to their plan, the federal government is holding an extra open enrollment period through May 15, 2021. State-based marketplaces are another option in California, Colorado, Connecticut, Idaho, Maryland, Massachusetts, Minnesota, Nevada, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Washington, and the District of Columbia.

You'll need to check each state's enrollment timeline. If you lose your job after May 15, you will still have a 60-day special enrollment period to find health insurance in either the federal or state marketplace. Marketplaces have links to information about eligibility for premium subsidies and assistance for selecting the right plan.

COBRA. Another option is COBRA, though it's more expensive. You could be covered by this plan—and keep the health insurance policy you had while employed—for 18 months after a layoff or reduction in work hours. Unfortunately, COBRA coverage may cost

up to 102 percent of the health plan's full premium.

Short-term plans. Other options, such as short-term health plans, which can be used for up to 36 months, may offer only limited benefits. Unlike ACA plans, short-terms plans aren't required to provide the following 10 essential health benefits:

- Laboratory services
- Emergency services
- Prescription drugs
- Mental health and substance use disorder services
- Maternity and newborn care
- Rehabilitative services
- Ambulatory patient services
- Preventive and wellness services and chronic disease management
- Hospitalization
- Pediatric services, including vision and dental care

Keep in mind that insufficient coverage for any of these health care needs could expose you to bills that will affect your family's financial security for years. As such, addressing this issue now is vital in coping with the pandemic's long-term effect on your finances.

Careers in Transition

The [Women in the Workplace 2020](#) report from McKinsey and Lean In highlighted several structural factors causing one in four women to downshift their career or stop working altogether. Among the primary culprits, according to the McKinsey report, are concerns that employers view caregivers of children and adult parents as not fully committed to their jobs. But shifting priorities and changing a career path to meet a present problem will affect your future social security benefits, retirement security, and household net worth.

Social security. Social security retirement benefits are based on an individual's primary insurance amount (PIA), which is calculated from your average indexed monthly earnings during your 35 highest earning years. Social security records a zero for each year that you do not earn income. More zeros—especially during the primary earning years after age 40—can reduce your PIA and cannot be recouped through later employment. Although you may think your absence from the workforce will be temporary, it may lead to an extended time away from employment.

Retirement savings. Even if your career is in transition, there are still ways to save for retirement. For instance, you can contribute to a spousal traditional or Roth IRA if you are married, file a joint income tax return, and have a modified adjusted gross income (MAGI) below the threshold set for that tax year. If you are older than 50, you can make an extra \$1,000 catch-up contribution, as long as your MAGI is below the annual threshold. The amount you can contribute to a spousal IRA will begin to phase out within certain MAGI ranges, and it will end once MAGI exceeds an annual specified limit. Spousal IRAs are available for all married couples, including same-sex unions.

Planning for a Healthy Post-COVID Life

As we settle in to 2021, vaccines bring hope that the medical risks may soon be behind us. Unfortunately, that is unlikely to quickly reverse the damage to women's earnings. It is a difficult time, but you needn't navigate it alone. We are here to help you consider all the options when it comes to unemployment compensation, health care, social security, and retirement savings to help stabilize your immediate cash flow and get you back on the road to long-term financial security.

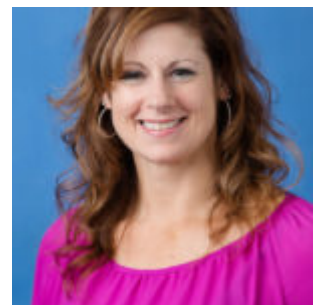
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COBRA Subsidy Provisions of the American Rescue Plan Act

The American Rescue Plan Act, signed into law on March 11, 2021, contains a 100% subsidy for COBRA premiums during the period April 1 – Sept. 30, 2021. This Compliance Bulletin provides information about the subsidy, including eligibility, coverage, notice requirements and funding. [Read more now.](#)

Who Needs Builder's Risk Coverage?

From [Karen Reed:](#)



Builder's risk coverage is essential in helping to protect construction projects, but can be complex and often

misunderstood. The bottom line is the materials, supplies and equipment on a building site need protection from theft, fire and other risks.

Who Needs Builder's Risk Coverage?

Any person or company with a financial interest in the construction project needs builder's risk insurance. Some common people you may want to include on your policy as insureds include the:

- Property owner
- General contractor
- Subcontractors
- Lender
- Architects

The coverage amount needed is determined by the contract price between the Property Owner and the Contractor. It should be determined prior to the start of construction or renovation as to whom will be responsible for providing this very important insurance coverage.

A builder's risk policy as part of a thorough risk management plan can boost a company's reputation, while protecting your business and providing peace of mind for the contractor and his or her client.

A Starter Guide to Selling

Your House

From the moment you decide to sell to the day you hand over the keys, selling a home is often unpredictable and time consuming. By being as prepared as possible, you can keep the process moving and achieve the optimal price in the current market.

Decide when to sell.

You may not have flexibility on timing if, say, you need to buy another home to make room for a new baby or if your employer is transferring you out of state. If you do have a say, however, you'll want to try to sell your house at the ideal time. Typically, homes sell quicker and at higher prices when the real estate market favors sellers (i.e., when homebuyers are plentiful and homes are scarce). When you put your home on the market can also make a difference. Sales usually heat up in late winter and early spring because many homebuyers prefer to move in the spring and summer.

Declutter and spruce up.

Take time to get your home in top condition before trying to sell it—but don't get carried away. You'll want to hold off on any major home improvements (e.g., renovating the kitchen) because you probably won't be able to recoup the money and prospective buyers might not share your taste. Focus instead on minor, cosmetic improvements, such as applying a fresh coat of paint, trimming back overgrowth in your landscape, and repairing issues that wouldn't pass inspection, such as fixing a leaky kitchen faucet or replacing loose bathroom tiles. Also, undertake a thorough cleaning—you may want to hire a professional cleaning service to do it for you.

Weigh the pros and cons of using a real estate broker versus selling yourself.

Most people hire a real estate broker to help them sell their home, which can be particularly helpful if you don't have the time or expertise to correctly price your home, market it, and bring in potential buyers. More important, a broker will focus on buyers who have prequalified for a mortgage, which can save time and money.

This expertise does come at a price—6 percent of a home's sale amount, on average. If you decide to hire a broker to help you sell your home, here are suggestions on how to find one:

- Ask friends and relatives who have recently sold homes for recommendations.
- Find out which brokers and agents work in your area by searching on social media, homebuyers magazines, and the internet.
- Ask other types of real estate professionals (e.g., lawyers and mortgage brokers) for the names of brokers they recommend.

Although doing it yourself (commonly referred to as a FSB0, or "for sale by owner") saves on broker's fees and commissions, it requires more legwork. You'll need to advertise that your home is for sale (e.g., lawn signs and online listings), show it to prospective buyers (e.g., hold an open house and make appointments for showings), and deal with the buyer during negotiations. You'll also need to supply the necessary forms and/or contracts (though you can hire a real estate attorney to draw these up).

Do your research before pricing your home.

Setting the right price matters; it shouldn't be so high that your house won't sell or so low that you'll miss out on profit.

A real estate broker can help determine the right price. To have confidence in the price attached to your listing, research the sale prices of comparable homes in your area by visiting popular home search sites. You may even want to hire a professional appraiser to help determine your asking price.

Prepare to negotiate.

If you hire a broker, all offers and counteroffers are presented through your agent, so you'll probably avoid face-to-face negotiations with potential buyers. If you're selling your home on your own, you'll be in charge of negotiating. Be flexible as you review offers, but don't jump to accept the first offer you get—especially if it's below your asking price.

Factor in your financial situation before signing anything.

Accommodations can be made if you're buying another home and need to come up with a down payment before receiving the proceeds from the sale of your current home. Ask your lender about a bridge loan, which is a short-term mortgage that is paid off once the sale of your home is complete. If necessary, include a closing-on-sale contingency clause in your contract, which allows you to delay the closing on your new home for a certain period of time while you find a buyer for your current home. If you can't find a buyer within the allotted time frame, the purchase contract is canceled and any deposits are returned to you (unless you and the seller agree to extend the agreement).

In addition, be sure to consider the tax implications of selling your home. Most sellers can exclude from taxation some or all of the capital gains they realize (up to \$250,000 for single filers and up to \$500,000 for married couples filing jointly) upon selling their primary residence. See IRS Publication 523,

Selling Your Home for details.

Finalizing the Deal

After agreeing to terms with the buyer and deciding how to handle the proceeds, closing is the final step. Your main responsibility will be to make sure that any agreed-upon repairs have been made and that the buyer is getting clear title to the home. Make sure that all of the paperwork is in order—your attorney, who should attend the closing with you, can handle this for you. Then, it's time to celebrate a done deal!

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

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How to Read Your Medical Bill

Benefit plans are sometimes confusing and medical bills are becoming increasingly complex and difficult to read. This Know Your Benefits article outlines ways to save money by reviewing your medical bills with a careful eye. [Read it now.](#)

Health Care Reform: Pay or Play – Employer Shared Responsibility Penalties

The ACA's employer shared responsibility provisions impose penalties on certain employers that fail to offer an acceptable level of health coverage to their full-time employees (and dependents). This ACA Overview describes the potential penalties and when they can be assessed. [Read more in our ACA Compliance Notes. \(PDF, new window\)](#)