

“There is nothing like a dame”



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By Sarah Ruef-Lindquist, JD, CTFA

Beyond medical care, one of the few differences for how professionals approach women as compared to men is in the area of financial planning. Of course, this is has to do with differences largely beyond a woman's control, but thoughtful recognition of the differences can have a tremendous impact on women's financial lives.

One might assume that a longer average life expectancy – 6 years longer – for women is a good thing. It is, but you have to cover living expenses for those additional years.

When over your working years you have earned on average 79 cents for every dollar earned by your male counterpart, the challenge of paying for that longer life expectance grows. Lower earnings impact not only what one can set aside and save for retirement, but likely the amount contributed to retirement by an employer and the amount ultimately available from social security as well.

Combined with years out of the work force for child-rearing and/or caring for aged family members and you have the 'perfect storm' of inadequate resource to support a woman who will likely outlive a male spouse.

When advising women, we want to focus on several options, including elections that can be made on a spouse's pension and maximizing benefits for them down the road. For instance, some couples may want to elect a higher immediately payout on retirement and forgo a future spousal benefit, but this is

usually not a good idea for down the road when the surviving spouse- especially if her benefits alone are significantly lower and she is any number of years younger than her spouse, has less to live on. They will lose that income with the death of their spouse.

For widows or divorced women who were married at least 10 years to their spouse and have not remarried, we want to be sure they consider elections available to them as surviving or former spouses. Many divorced women learn that they are entitled to a social security amount, that though 50% of their ex spouse's benefit, amount exceeds 100% of their own. Electing to receive the 50% spousal benefit in no way diminishes the ex-spouse's benefit, but can improve their own income outlook for the rest of their lives.

Surviving spouses who do not remarry have several elections: Depending on their age and whether they are caring for a disabled child or a child age 16 or younger, they can elect current benefits as survivor, defer taking a higher benefit and continue working and even switch to a higher benefit at full retirement age or later. The optimal strategy will depend heavily on the need for income and health status. If one is in poor health, a common strategy is to begin benefits as early as possible to maximize how much is available before death. For a healthy spouse with a family history of longevity, a strategy to maximize the income over a long period of time may be preferable. Of course, this must be balanced with the need for income.

Women may have more years ahead than many men; careful planning can help the quality of those years. Of course, it's always best to get advice from your financial advisor before making any decisions or changes in your financial plans. Talk through your options with a professional who knows your income and overall financial situation.

Beyond Home Economics: Investing in Women, Locally and Internationally is Growing Maine's and the World's Economies

By Sarah Ruef-Lindquist



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According to a Nov. 27, 2017 story in the Portland Press Herald, Women-owned businesses are thriving in Maine “...women entrepreneurs in Maine have created more jobs and revenue growth than their counterparts in most other states.” The data cited points to women as contributing significantly to Maine’s economy with thousands of small businesses, often begun as cottage industries, and growing into what are mostly small businesses, the main-stay of the Maine economy.

Reporter Craig Anderson writes that “Maine...has become a national leader when it comes to companies owned by women.” And cites the seventh annual State of Women-Owned Businesses Report commissioned by the financial services firm American Express for the fact that “From 1997 to 2017, Maine ranked No. 1 among the 50 states and the District of Columbia for revenue growth among

women-owned businesses, and No. 2 for job growth...” and goes on to state that “Maine has an estimated 45,600 women-owned businesses that employ 49,900 workers and generate roughly \$13 billion in annual sales. Job creation among women-owned businesses in Maine was just over 76 percent from 1997 to 2017, compared with 27 percent nationally. Revenue growth among women-owned firms was 298 percent in Maine, compared with 103 percent nationally, it found.”

These are numbers that speak to the resourcefulness, tenacity and determination of Maine women. But what’s the bigger picture for women beyond Maine and the US?

According to Veris Wealth Partners, a growing area of investment worldwide involves “GLI” or Gender Lens Investing: “Gender Lens Investing mobilizes capital to improve the condition of women and girls worldwide. The underlying premise is that when women are fully empowered by having access to capital and opportunity, our economy and society flourish.”

In their November 14, 2017 press release, Veris reported that publicly traded GLI strategies (including mutual and exchange traded funds) now total 22, when there were only 5 between the period 1993 to 2012.

A separate index – Pax Global Womens Leadership Index – has been developed to evaluate the performance of companies involving women in board and management leadership, including more than 400 companies, by Pax World Investing out of Portsmouth, New Hampshire. According to their website, “The Pax Global Womens Leadership Index has outperformed the MSCI World Index by 4.30% cumulative from 2/28/14 to 9/30/17.”

Whether it’s close to home, right here in Maine, or in other parts of the US and beyond, women – and investments in them – are paying off and growing our economy.

* The gender lens strategy may limit the investment options available to the investor and may result in returns lower than those from investments not subject to such investment

considerations. All indices are unmanaged and investors cannot actually invest directly into an index. Unlike investments, indices do not incur management fees, charges or expenses. Past performance does not guarantee future results. The Morgan Stanley Capital International (MSCI) all country world index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets.

Weddings Bells...Hope for the Best, Plan for the Worst? The Weaponization of Debt and Assets in Divorce

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



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Family violence, domestic abuse – those phrases evoke images of bruises, physical scars, broken limbs.

But there is another aspect of abuse, and it has an economic and financial face.

There's been a lot in the news lately about financial abuse of elders, and rightly so.

The vulnerability of our aging population, combined with the ease of attaining access to account information, credit and assets via internet technology can be a dangerous combination in the wrong hands.

Financial abuse happens in domestic and marital situations as well, and often it is difficult, if not impossible, to unravel and restore the economic health of the abused partner once the abuse is discovered.

In addition to exercising control over a spouse's access to money, or damaging their credit, making them financially reliant upon the abusing spouse, a spouse can simply harm the credit or reduce their assets in order to make life miserable for their spouse before or during a divorce. Sometimes the abuser benefits financially in the process.

Here's a scenario: Prior to communicating plans to seek a divorce, a spouse forges the other spouse's signature on loan documents, and spends the money on travel, dining and entertainment of themselves and others.

The spouse could buy a car on credit and incur debt on jointly held credit cards. That spouse then files for divorce, claiming the other party should be responsible for half (or more) of the debt, from which they did not benefit.

While there are remedies for fraudulent conveyances and other types of misappropriation of assets, often the upheaval and emotionally draining process of divorce can distract from these options and add cost and delay to already complex litigation, and the non-abusing party ends up paying much more – or losing more – than their share.

In her article *Financial Intimate Partner Violence: When Assets and Transactions Become Weapons*, 22:2 *Domestic Violence Report* 17 (Dec./Jan. 2017) Hastings College of Law professor Jo Carrillo calls for state law domestic violence prevention reform to ensure that "survivors should not have to fund their own harm, and perpetrators should not benefit from their

wrongdoing.”

She argues that just because there are no signs of physical or emotional abuse in a marriage doesn't mean there hasn't been financial abuse, which she terms 'economic' or 'financial interpersonal violence'.

She cited a case where one spouse mortgaged jointly held property out from underneath the other by forgery, and spent the proceeds, leaving the marital asset fully encumbered, without any equity.

This is just one example that isn't necessarily the kind of abuse that manifests in a pattern of controlling behavior, like restricting access to credit or money to render the other person dependent, but rather using credit, assets and money as weapons to harm the other party in the process of dissolution of a marriage.

How can a spouse protect themselves from this kind of situation? One way is to maintain separate financial lives in a marriage.

Each person has his or her own checking account into which their earnings are deposited, and then a household account is used to which each contributes in order to pay shared expenses.

Each person has his or her own retirement account by law, but also maintains separate investment accounts, and credit card accounts.

Deposit and investment accounts can be made "payable on death" by one spouse to the other, rather than held jointly, to ease the access of the other upon death if consistent with advice on estate plans, but joint access is not possible during lifetime.

The advantages to this kind of approach are two-fold; never is more than one's share for monthly expenses at risk, but one retains control and knowledge of one's resources and liabilities throughout life, so there are few, if any, surprises when something unexpected happens, like a divorce or death.

If you have joint accounts of any kind – deposit, investment or credit – think critically about where you would be if the worst

happened: if you were subjected to any level of financial abuse. Consider whether separate financial lives could help the outcome, “just in case” the worst happens.

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Budget AND save for retirement without making yourself crazy?

By Sarah Ruef-Lindquist



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The 60% Solution is a way to budget without having to account for every penny spent. After all, the goal of budgeting is simply to control overspending and prevent unnecessary debt.

The 60% Solution aims to keep your **committed expenses** at or below 60 percent of gross income, to help you come out ahead at the end of the month. Although your number might be a bit higher or lower, 60 percent is a feasible goal and a good place to start.

Gross monthly income (or income before taxes) \$_____

_____ 60 percent of gross monthly income \$_____

Committed expenses can be defined as the following:

- Basic food and clothing needs \$_____
- Essential household expenses, including mortgage or rent payments \$_____
- Insurance premiums \$_____
- Charitable contributions \$_____
- All bills, even nonessentials such as cable TV and Internet service \$_____
- All of your taxes \$_____

Total: \$_____

Do the six items above equal 60 percent of your gross monthly income? If not, see what can give.

The remaining 40 percent of gross income is divided into four chunks of 10 percent each, listed here in order of priority:

- **Retirement savings.** Contributions to qualified retirement plans (e.g., 401(k)s, IRAs)

10 percent of gross monthly income \$_____

- **Long-term savings.** Not technically a retirement account because you have access to the money should you need it. (Brokerage account and even your emergency fund; alternatively, a portion of this could be education savings, such as a 529 plan.).

10 percent of gross monthly income \$_____

- **Short-term savings for irregular expenses.** Money for vacations, repairs, new appliances, holiday gifts, and other irregular but more or less predictable expenses.

10 percent of gross monthly income \$_____

- **Fun money.** You can spend this on anything you want during the month.

10 percent of gross monthly income \$_____

Using this method, you more or less trick yourself into saving without having to count pennies every month. The savings can build up quickly, and so can your budgeting confidence!

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Discipline + Dollar Cost Averaging = Progress toward Financial Goals

[By Sarah Ruef-Lindquist](#)



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My first post about goal setting might have gotten you thinking about or reinforced your resolve to decide *“when do I want to retire?”* or *“I want to be able to buy or build a house in 10 years, so I need to save for a down payment”*. If that is true, then your next thought might have been *“Well, how do I go about getting there?”* The simplest answer I have for that question is *“Discipline; Not a lot necessarily, but some”*. Technically, it involves dollar cost averaging. Practically speaking, it’s just intentional saving. Let’s look at an example that applies to most of us: retirement planning.

Say you are 35 years old and your goal is to retire at 65. You are self-employed car mechanic with steady income having built your business up since high school, pay all your household bills and credit cards on time and tuck money away for emergencies, holidays and a vacation, but you haven't started saving for retirement. You are married, and contributing to social security. If your life expectancy is 85, you have 20 years after retirement at 65 to plan for.

If you are starting at -0- retirement savings now at age 35, you need to start saving 12% (\$400 a month, for \$4800 a year) in a qualified retirement plan (IRA, SEP IRA, 401(k)) in order to have "sufficient" retirement savings. There are many assumptions about this calculation, like a 2% annual income increase, a low rate of inflation, 90% of your income needed at retirement for living expenses, a 7% rate of return before retirement on those savings invested in the market and 4% after, having shifted assets into more income-producing, reduced-risk securities upon retirement.

But you get the idea: a disciplined approach, putting a predetermined amount into your retirement plan – a 401(k), SIMPLE, SEP or other kind of qualified plan – can help get you where you want to go. One of the reasons is dollar cost averaging, which essentially is the practice of investing an amount over time that tends to allow the investor to average a cost lower than the price of their investments over time. You'd also be taking advantage of the tax-deferral and reinvestment of dividends and income that is possible with qualified retirement plans. But it takes discipline. Not a lot, but enough. Take advantage of an automatic monthly withdrawal from your checking account to your qualified retirement account and revisit it every year as your income, presumably increases, to increase the amount of the monthly transfer, and you will begin on the path to reach your goal. See a financial advisor to help you determine what your retirement plans should include now and as

you work toward success in achieving your retirement goals.
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Fail to plan? Plan to Fail.

[By Sarah Ruef-Lindquist](#)



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Fail to plan? Plan to fail. Your family's financial future should not be left to chance. A thorough, thoughtful plan that provides for you and your family as you desire is a gift you give to those close to you and those you will leave behind.

The law lets us say who we want to take care of us and our property through mechanisms like powers of attorney, health care powers of attorney, advance directives and trusts, so we don't burden our families with having to guess or subject ourselves unnecessarily to interference from courts deciding what they may think is in our best interests.

Power of Attorney documents can give another person the ability to transact on our behalf, and if they are "durable" can survive our incapacity. But caution is needed: One granting another power of attorney must be completely sure that the person will always act in your best interests as your agent, and understands your personal preferences in how you want to live and how you want your resources managed. This can avoid a court proceeding to have someone appointed as your conservator, which requires a

public proceeding to determine incapacity, which can be humiliating.

Health Care Power of Attorney (HCPOA) documents can give someone the ability to communicate and decide on your behalf about your medical care when you are no longer in a position to do so. Again, it is very important that the person granted the power acting as your agent understands your personal preferences for medical care, including end-of-life treatment preferences. This can help us avoid guardianship proceedings which, like conservatorship, involve a public proceeding to determine our incapacity.

What is known as a Living Will is a document that instructs health care providers on whether you want life-sustaining treatment in the face of a terminal condition in a persistent vegetative state. It takes the decision out of the hands of a family member or anyone named as an agent in a HCPOA, communicating preferences directly from you to medical providers. It usually says that no heroic measures will be used to prolong your life, but only comfort care will be provided.

Trusts can include provisions for managing our assets and our personal affairs and care, by naming a "trustee" and placing assets into the trust that will then be used for our care, and distributed at death as the trust directs upon death. This usually avoids the public probate process for not only guardianship or conservatorship while we are alive, but the probate at death that distributes estates. People usually have a will that "pours" everything into the trust that the person didn't place into the trust before their passing.

Beneficiary Designations on life insurance, retirement plans like 401(k) and IRA's, provide to whom any balance will be paid when you die. Those should be reviewed annually to be sure they still reflect your wishes.

Don't have a will? Then the state has written one for you, and you probably wouldn't like what it says! Each state has what is

known as an “intestacy statute” (Maine’s is 18-A MRSA Section 2-101, et seq) which provides what will happen with your estate after you die if you did not leave a validly executed will. In Maine, the intestacy statute first looks at whether you left a surviving spouse, children, parents, grandparents, great grandparents and others, and depending on who survived you, your estate will be divided among them in varying share amounts. These amounts may be quite different from what you would want, so it makes sense to decide what those amounts should be – if any – on your terms. There are limits on the ability to not include a spouse, because of their rights in property. Most charitable gifts through estates need to be specified in a will or trust, so intestacy will not address those.

So take the time to plan, and create certainty around how you will be cared for, your assets managed for you and then distributed as you would want them to be, rather than leaving it all to chance.

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