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As the Population Ages, the Needs for Serious Financial Planning Grow

Q: I'm a 50 year old woman and I need guidance with my financial planning and investments. Where should I start?

A: Japan's centenarian population hit a record high again and 87% of their 'people who age 100 and older' are women. Women really need to invest and plan differently. Approximately half of women over the age of 65 will live 15 years longer than their husbands.

We often take care of kids and parents at the same time and don't have a lot of free time. We want help with investing and need reasonable growth that we can't get from savings accounts.

Our goal is a peaceful life without worrying about money. We're not greedy and just want to know how much we need to save. Stocks don't excite us and around the clock news won't help us make smart decisions.

Start your financial planning by understanding your goals. Make a list of all of your assets. Inventory all bank accounts and consolidate redundant accounts. The limit for FDIC insurance on your accounts is $250K, don't exceed it. Minimize monthly statements; time is precious and reconciling monthly bank statements is time-consuming. List and review all savings bonds and maturity dates.

Itemize after-tax investments like individual stocks, bonds, and mutual funds and be sure to include current market values and cost basis. Know why you have each of your investments and what the returns are.

Real estate has its own section with the primary residence, second home and investment property. Estimate the value and list the original cost.

All retirement accounts are listed in the next section. Include your active 401k, past employers 401ks, SEP IRAs, Roth and Traditional IRAs and pension plans. Consolidating accounts may make sense. Review your investments and be sure that you have a portfolio that you can live with, during downturns as well as bull markets. Consult an expert before you decide how to take your pension plan. If you're a conservative investor and expect to become a centenarian, then a monthly payment for the rest of your life may suit you better than a lump sum.

Itemize all annuities and life insurance and include any group plans. Annuity contracts and life insurance policies have beneficiaries. Review and list the details including the cash value and maturity dates. Have you considered long term care insurance?

Do you own an interest in a privately held company? Estimate the value, your percentage ownership and formulate a liquidation or succession plan and date.
The only 'good' debt is mortgage debt. Don't keep money in a savings account if you have credit card debt unless you have a very good reason. Same advice applies to student loan and auto debt. Even with the current low interest rates, debt creates stress. Also the lack of an emergency fund causes stress.

Let's move on to the cash flow (or budget). Start by realistically itemizing all income and expenses. Extraordinary expenses like cars and vacations should be itemized separately so you can save for them rather than finance them.

Take advantage of your employer's retirement plan. Get the max match, it's free money. Save income tax by deferring as much as you can.

This is a good start. Now you have a comprehensive list of all of your assets, where each is located, what each is earning, and the tax consequences (if any) of making changes.

Good luck, comrade! I'll see you and the other gals at the Senior Center!

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