Proper planning can create

FINANCIAL RESILIENCE

STORY BY TIFFANY WASHINGTON / PHOTOS BY GETTY IMAGES & PHILLIP MAKSELAN

If there was any doubt, 2020 made it clear that women have become quite adept at simultaneously wearing any number of personal and professional hats (and making them look good while doing so). This year also made clear the importance of good ol' financial planning and saving for the unexpected.

To provide some sound practical information that one can take to the bank, Christina Doss, managing director of Financial Advisory Services at Saltmarsh Financial Advisors, weighs in.

HELP IS OUT THERE

Many shy away from seeking assistance with the handling of their finances out of embarrassment or belief that only the financially established and astute benefit from this.

"Opening your financial life to someone you just met creates vulnerability. You may feel your spending decisions, life's work and accumulated wealth may be judged against others," Doss said, stating that nothing is further from the truth. "Everyone, regardless of age, gender, income or wealth can benefit from financial planning. It is unfortunate that financial literacy is not an inherent part of our educational system given the proven benefit to individuals, communities and society as a whole. As it relates to women, nearly one in five working women have not begun to save for retirement and, when asked, women express far more concern about their future in retirement with 50 percent of all women in fear of

A FINANCIAL ADVISOR'S ROLE AND FUNCTION

"An effective financial advisor helps clients focus on what they can control versus what they can't control. An advisor should bring clarity to the planning and investing process and help their clients make well-informed decisions as it relates to how much risk to take when investing in order to meet short-term and long-term goals and objectives. Most importantly, a financial advisor's primary role should be to help clients maintain perspective and take the emotion out of investing during times of volatility in order to stay the course," explained Doss. Like so many others, this relationship works best when there is effective communication and trust. To foster this, there are important questions to be asked in the selection or interview process. Doss suggests the following:

Are you a broker or a registered investor advisor and fiduciary who will act in my best interest?

What is your investment philosophy?

How much are your fees and how are you compensated – commissions, fee-based or fee-only?

How are fees communicated to the client?

What experience, education and credentials do you have?

Given that every investment decision is also a tax decision, how much attention do you place on minimizing tax consequences for the client, when possible, and how closely will you work with my tax advisor?

outliving their money. As a result, women of all ages should place a high priority on financial planning for their future."

EARLY EDUCATION

Knowing how and when to plan for a sound fiscal future may not come naturally to some and is not always stressed in homes and academic settings. Still, Doss holds firmly that this lack of knowledge can be overcome by utilizing the plethora of tools at our disposal.

"Educational tools and resources are plentiful today – leverage online resources, websites, books, and applications for planning," she said.

Her favorite online apps include Personal Capital, Mint, PocketGuard and YNAB. She also recommends working with a trusted friend or group who shares your desire for financial independence and will be a source of support.

For parents, she stresses the importance of starting fiscal education at a very young age.

"The earlier the better! Parents, teaching the basics about money can and should

Christina Doss, managing director of Financial Advisory Services at Saltmarsh Financial Advisors, and Stacy Lurate.

begin as early as pre-school and school age children can quickly learn the power of compound growth, which is a critical component of investing for retirement. Bottom line, the earlier women begin saving and investing for their future, the better."

TIMING IS EVERYTHING

If nothing else, the pandemic highlighted for many the absolute need for planning in order to navigate an uncharted and unstable financial landscape.

"Given the current environment, for many it has become necessary to make tough financial decisions to cut expenditures as a result of reduction in income or job loss. Budgeting can help in quickly and efficiently identifying the first discretionary expenses (wants) to cut to stop the bleeding and preserve assets for critical non-discretionary needs," Doss said.

PREVENTION AND CURE

In the real world, everyone will find themselves contending with circumstances that either present as challenges or opportunities. One's financial savvy and resilience will determine how the event or circumstance is experienced. Doss gives practical tips to help one stay on track or bounce back from a hiccup.

Paying off debt is a critical first step, as is building up an emergency fund of at least three to six month's expenses.

Identify and prioritize your financial goals but don't put off saving and investing for your retirement as you can't get those years back for tax deferred growth.

Treat investing for your retirement as you would a bill – you must pay it every month or there will be consequences.

Take advantage of company retirement plans and try to maximize your contributions as quickly as possible and work towards additional savings beyond that.

If you don't have a company retirement plan, set up your own IRA. Understand your risk tolerance but fight market phobia.

WHAT TO AVOID

Knowing what not to do is as valuable as knowing what to do. Doss identifies common errors that lead to financial distress.

"A frequent mistake we see is persistent over-spending leading to unnecessary debt accumulation," she said. "Additionally, women by nature are nurturers and frequently will indulge young children, set aside funds for education of children or cover expenses for adult children and aging parents at the expense of their own retirement plan. Also, improper titling of assets or holding bank and investment accounts or credit cards jointly with children, family members or a boyfriend are all avoidable financial hazards which can lead to unfortunate hardship if a relationship goes awry and the woman is left with debt along with a damaged credit history."

THE LONG AND SHORT OF GOAL SETTING

There is a difference between short-term and long-term goals. A short-term goal can be saving for a vacation. Retirement is an example of a long-term goal. For the former, Doss recommends placing a specified amount into a special savings account that is low risk. Credit unions and banks run promotions for this type of savings. For the latter, she says, "Educate yourself or work with a trusted advisor to build a portfolio that is broadly diversified, low cost and suited to your risk tolerance so you can sleep at night. Ultimately, having a plan that you can stick with through good times and bad, up and down markets, is the key to successful long-term investing."

THE BOTTOM LINE

"It is never too early to start planning or too late to make adjustments."