

Successful Women

Winter 2015-2016

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Put yourself on your to-do list

Make financial, mental and physical self-care a priority

Finance experts often advise you to pay yourself first. Self-help gurus call on you to “sharpen the saw.” Airlines put it this way: Put on your own oxygen mask before assisting others. And, there’s good reason – taking care of your own needs boosts your ability to be productive.

We may need to be reminded of this because we confuse self-care with being selfish. As children, before our brains develop the capacity for self-control, we are taught that selfishness is a bad thing. But, as an adult, you sometimes need to be told it’s OK to prioritize your needs. This is especially true for women; we take on the majority of caregiving for children, parents and friends according to Caregiving in the U.S. 2015, a study published by the National Alliance for Caregiving and AARP.

So how do you make self-care a habit and give yourself permission to tend to your financial, mental and physical well-being on a regular basis? Here are some tips on how to do more of what energizes you so you have energy to give to others.



Pay yourself first

Considered the golden rule of finance, this means automatically setting aside some income for savings when you receive your paycheck – leaving enough left over to pay your bills, of course. Those who ignore this advice risk losing sight of their goals.

Retirement planners know that this simple habit builds nest eggs over the long term, taking advantage of compounding. They advocate automating the process, with a direct deposit from each paycheck into a retirement plan. To take the habit further, consider diverting a portion of any raises or windfalls to your savings – before you even miss it – and maxing out your company’s 401(k) match if possible.

Sharpen the saw

One of “The 7 Habits of Highly Effective People,” this phrase stems from the parable of a man slowly sawing with a dull blade instead of stopping to sharpen it. If you think of your mind as that saw, you’ll see that taking the time to read, learn, think and rest your brain is worthwhile. Stress management is an important aspect of this, as well as spending time on activities that inspire. A mind is a terrible thing to waste, so read things that challenge you, take up a hobby and unplug every once in a while.

Put on your own oxygen mask

This category includes all physical self-care, the stuff of New Year’s resolutions: eat right, exercise, hydrate, etc. But it also means giving yourself a break when you need it to avoid the pitfalls of physical exhaustion.

To have the willpower to keep resolutions, there’s one important ingredient: sleep. Studies have shown that lack of sleep can increase the stress hormone cortisol and make you crave high-fat, high-carb foods for a serotonin boost. Exhaustion can also make you forgetful, irritable or, in a worst-case scenario, cause you to physically collapse. So set an alert to remind yourself to go to bed if you have to, and find creative ways to meet fitness and nutrition goals that fit your lifestyle.



We all run short on money, time and energy. But spending some of these resources on yourself regularly can empower you to do more and help more. So banish the guilt over self-care and practice smart time management to squeeze in more of your own priorities. Your future self will thank you for it.

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Naming your top 5 goals

Get focused and evaluate tradeoffs to help reach savings targets

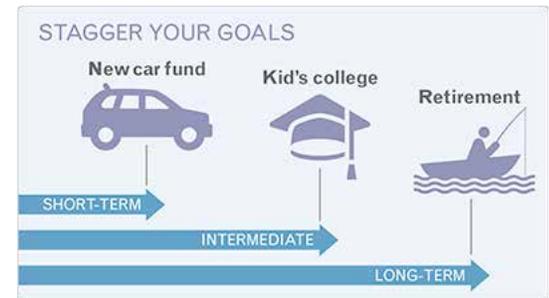
When your list of goals seems to stretch to the horizon – with homes to buy, children to raise and educate, careers to pursue – you often don't know where to start. A certain Oracle of Omaha would advise you to narrow your focus.

The advice Warren Buffett gave to a friend on achieving his goals, as told by Scott Dinsmore of Live Your Legend, is this: List 25 things you want to do in life. Pick your top five. Now forget about the rest.

The ranking game

This advice follows a rule of economics – that everything has an opportunity cost. The cost of trying to save money for 25 different financial goals is that your resources will be stretched and you risk losing sight of all your objectives. It also is supported by research on the effects of multitasking, which concludes that it takes more time to get something accomplished if you spread your attention too thin.

So, how do you cull your list of savings goals down to the top five? You can start by categorizing by time horizon – short-term, medium-term and long-term – then staggering your goals. You can also classify by needs and wants. You may want a car, but need a new roof more. Finally, you'll want to make sure your top objectives align with what your spouse or partner has prioritized.

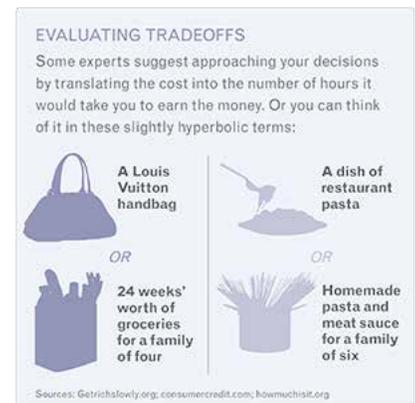


Progress is in the details

Once you have your top five, it's time to get specific and realistic. Instead of listing that you'd like to save for your child's education, spell out that you'd like to save enough to pay for four years of a state university. And should your kid go on to win a scholarship, your prioritization exercise will come in handy – you'll know exactly which goal to put the extra money toward.

Now that you've honed your focus, you need to evaluate how emphasizing one of these top five over another could affect the likelihood of overall success. With interactive software that illustrates "what if" scenarios, we can help guide you toward a customized plan for pursuing your vision.

We can also suggest other ways to save, such as 529 college savings plans, and opportunities available that you might have overlooked. An example of this is the timing of your retirement: Should you retire early or wait a few more years to maximize Social Security payments? We can help put this decision into perspective financially so you can evaluate the tradeoffs.



Toward the next top five

As you achieve your objectives or as life changes, take some time to write a new top five list and share it with your family and financial team. Goals change at every stage of life, so regularly reviewing your plans is an important step. Major life changes such as a marriage, divorce, new job or a new child also should prompt you to revisit your plan. And don't forget to celebrate each milestone you've achieved along the way.

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Time for a change

4 financial factors that affect a career change

When the Greek philosopher Heraclitus said back in 500 B.C. that no man ever steps in the same river twice, he was observing that change is a constant. This notion may apply to every facet of life, and your career of choice is no exception. Yearning for a professional shift can result from several factors: boredom, lack of growth within a company or industry, imagining a dream job, the need to make more money, the desire to be your own boss or even wanting a lifestyle change.

If you're thinking about changing careers or starting a new venture, it pays to take a close look at the financial side of things both before and after you get a job offer.

Career change checklist

- **What are the ramifications if you leave?**
You'll need to consider everything from the value of your benefits to contract stipulations. For example, if you're close to being vested for stock options, 401(k) matches and deferred compensation, you may want to wait. You don't want to leave money on the table if you don't have to. Or if you're contractually tied to the company for a specified period of time, consider the consequences of breaking the contract.
- **How will a new career affect your financial goals?**
You may need to reassess your short- and long-term goals and how they might change if you accept a different job. Talk over potential ramifications with your family and work with us to update your financial plan accordingly.
- **Have you compared the total compensation package?**
Compare both the salaries and benefits (including your out-of-pocket costs), as well as the intangibles that come along with the new job. If you're taking a pay cut, but believe you'll have greater job satisfaction, consider that, too.
- **Have you done your research on the new company?**
Before you think about sealing the deal, consider the new company's culture, stability, future outlook and opportunities for growth. Decide if you're a good fit for the company and, more importantly, if it's a good fit for you.

TIP: Before you accept any offers, negotiate salary and benefits. Use online tools to assess what you should be making in your market and adjust for any cost-of-living changes. Some companies allow you to negotiate stock options and vacations, as well.

TYING UP LOOSE ENDS

Once you've landed the job in your new career, you'll want to:

- Update your employer contact information, where applicable.
- Reassess your financial situation and make necessary financial plan revisions to fit your goals and stage of life.
- Take advantage of any pay increase to boost savings or pay down debt.
- Request direct deposit to maintain continuity of payroll deposits.
- Register for benefits as soon as possible. Take advantage of COBRA insurance to fill any gap in coverage during this transition.
- Stay on top of any tax-related paperwork and work with your advisors and tax professionals to determine your new tax liabilities.



LEAVING? DON'T LEAVE YOUR 401(k) BEHIND.

Finally, consider your options when it comes to your employer-sponsored retirement plan. You can:



Before making any decision, consult your tax and financial professionals to make sure you understand applicable penalties, taxes or fees associated with the above options.



CONSIDER THIS ...

In 2011, a study done by the Pew Research Center showed that 66% of 18- to 34-year-old women surveyed felt being successful in a high-paying career or profession was "one of the most important things" or "very important" in their lives. This is up from 55% of women respondents in 1997.