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Six Steps to Financial Independence for Women

White Paper

Stuart Campbell TEP

To Women Who Want to Make Their Financial Future More Secure

SIX STEPS TO FINANCIAL INDEPENDENCE FOR WOMEN

How to Help Overcome Challenges, Find Solutions, and Avoid Common Mistakes

By

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INTRODUCTION

Financial independence: it's a common term you've probably seen in TV commercials, magazine ads, and billboards. But what does financial independence *mean*, exactly? And why is it so important, particularly for women?

To put it simply, financial independence means three things:

1. You have ***control* of your own finances**. *You* make your own decisions regarding money instead of relying on someone else to make those decisions for you.

2. You can **support yourself financially**. Whether it's through your job, your savings, your investments, or a combination of all three, you can stand on your own two feet. You don't have to rely on financial assistance from the government, family, friends, or credit card companies.

3. You have at least a **basic level of knowledge** about how to manage your finances, allowing for more competent decisions. (Otherwise, you'd soon find that having the ability to support yourself, as explained above, would fly right out the window.)

No matter who you are or where you come from, it's important to achieve financial independence. Without it, everything you want is much harder to achieve. It becomes more about hoping to reach a goal rather than actively working towards it.

While no one can control what happens in life, people with independence *can* control how they respond. Those *without* independence don't have that ability. They're often at the mercy of chance. In other words, financially independent people can make plans for the future. Those without it can only hope the future will be kind to them.

All of this is especially true for women. Women face a unique set of challenges — challenges that only financial independence can help overcome.

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Financial Challenges for Women

There's no use beating around the bush: for most of Western history, women have traditionally been treated as subservient to men. A woman's job was to stay at home, where she'd cook, clean, and raise children while the man went out to work, build, or hunt.

That fact is still true for many women today. Of course, many women *want* to focus on home-making and child-rearing, responsibilities as important now as they've always been. But whether you're the type of woman who prefers to work in the home or outside it, you may well face a byproduct of this centuries' old tradition: it's usually men who manage the money.

For generations, many women have relied on their husbands, boyfriends, or fathers to make financial decisions. This mindset is definitely starting to change, as more and more women gain the desire for financial independence. Just as importantly, more and more women are realizing the *necessity* of financial independence.

Why is financial independence a necessity rather than just a luxury? Because of this basic fact:

Whether they want to or not, most women will be forced into managing their own finances at some point in their lives.

Here are a few reasons why:

1. **Life expectancy**. Women simply live longer than men, and many of those women who've relied on husbands or fathers to handle financial decisions will suddenly find the responsibility thrust upon them after their loved ones pass away.

2. **Marital status**. According to one study, 37% of women over the age of 65 live alone, either because they're divorced, widowed, or never married. When it comes to managing money, these women usually have no one else to turn to but themselves.

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3. **Poverty rate**. Statistics released by the Administration on Aging indicate that the poverty rate for women over 65 is significantly higher than it is for men of similar age.[1]

If you're a single woman, you've likely already assumed responsibility for your finances … or you will have to very soon. If you're married, you should prepare yourself for the possibility that one-day the burden of managing your money will fall entirely on your shoulders.

Either way, think about how much better it'll be to plan ahead, to act now, to achieve financial independence on *your* terms rather than wait until you have no choice. By being proactive, your financial independence will become a means to **helping you achieve your dreams**. Reacting to a newfound financial independence becomes more about trying to deal with challenges, **like getting out of debt**, **outliving your income**, **paying for medical expenses**, and more.

Women face other unique financial challenges, too. For instance:

1. Too often, women receive less pay than their male counterparts. They also have to contend with that "glass ceiling;" the unseen, but definitely real barrier between themselves and professional success. This ceiling limits many women's opportunities for promotion and career advancement.

2. For many women, a good portion of their lives is spent raising children. As a result, less time is spent actually working and collecting an income (Not that raising children isn't work, of course!).

3. Women are often charged with taking care of elderly relatives, which is a drain on both their time and money.

For these reasons, many women can't rely as much on regular work-related income as men can, and more attention must be paid to things like saving, investing, and tax planning in order to accumulate the wealth needed for true financial independence.

As you can see, financial independence isn't just a buzzword. It's not just a luxury, either. It's a *necessity*. By taking steps to become financially independent *now*, you can help secure your family's future, enjoy added peace of mind, cut down on expenses, and, best of all, make your life ***exactly what you want it to be.***

So what are the steps to financial independence? Read on to find out.

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[1] "A Profile of Older Americans: 2011," *Administration on Aging*, November 2011. http://www.aoa.acl.gov/Aging_Statistics/Profile/2011/10.aspx

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THE SIX STEPS TO FINANCIAL INDEPENDENCE

STEP #1: DETERMINE WHAT YOU WANT

I said before that a key part of financial independence is being able to make your *own decisions* regarding money. But what decisions are those, exactly?

To answer *that*, ask yourself the following questions:

- ✓ What do I most want to accomplish? Experience? See? Learn?
- ✓ What do I need in order to feel fulfilled?
- ✓ What do I value most in my life? What do I want to protect?
- ✓ What can I least afford to lose? What am I most afraid of losing?
- ✓ What needs to happen for me to have peace of mind?

The answers to these questions determine what decisions you need to make. Think of it like taking a road-trip. Before you head out, you first need to decide on a *destination*. That destination will determine what roads to take, what supplies to pack, and how long it'll take to get there. In essence, the first step to financial independence is choosing your own life's destination.

While choosing a destination can be a surprisingly daunting task, it can also be a very enjoyable one! Take, for example, the story of John Goddard.

If you've ever read the book *Chicken Soup for the Soul,* you might be familiar with Goddard's name (His story was included in the book). But in case you don't know who he is, prepare to be amazed. He was the first man in history to explore the entire length of the Nile. Still thirsty for more, he was also the first man to ever explore the length of the Congo. He's climbed the Matterhorn, lived among native tribes in Brazil, Borneo, and New Guinea, and somehow found the time to learn how to fence, fly a jet, and play the violin.

How did he manage to do all these things?

It all started like this. One rainy afternoon, when he was 15 years old, he sat down at his kitchen table and wrote three words:

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“My Life List”

His list consisted of 127 goals: Climb Mt. Kilimanjaro, Fuji, and Vesuvius. Visit every country in the world (he made it to all but 30). Photograph Victoria Falls in Rhodesia (where he was chased by a warthog). Dive underwater to explore the Great Barrier Reef. Visit everywhere from the Great Wall of China to the Taj Mahal, and 119 other goals in between.

Goddard died in 2013 at the age of 88, but not before completing 111 of the goals on his amazing list. You can see the entire list, and which goals he achieved, by visiting his website at www.johngoddard.info/life_list.htm, or, just Google his name.

It goes without saying that Goddard is inspiring, but I think he’s a great example as well. While not all of us may “study native medicines,” like he did, or even want to, we *all* can sit down and decide what we *really* want in life. This is especially important when planning for retirement. With a little imagination and a little planning, retirement can be whatever you want it to be.

There are two things about Goddard that I think contributed to his success:

- ***He wrote down his goals and kept that list with him.*** Writing down your goals is important. If it’s just in your head, it’s a fantasy. But if it exists on paper, it’s a *plan*. You can always have it with you to look at, so at any given moment; you can study your list and decide if what you’re doing is really what you want…or if you’re giving up what you want the most for what you only want right now.

- ***Once he wrote his list, he stuck to it.*** Often when we set a goal, we change it too soon. Maybe that’s because we too often choose goals we think we *should* achieve, rather than ones we actually care about. Goddard wrote down goals that actually *meant* something to him. Maybe some were small, or even a bit eccentric, like “light a match with a .22 rifle, but he wrote them down because he *wanted* them — not because he needed them. That way, achieving his goals was never work.

By determining what you want, and by answering the questions above, you can choose your destination and begin the journey toward financial independence.

Next up is to …

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STEP #2: TAKE CONTROL OF YOUR CASH FLOW

At this point, you know what you want. For example, maybe what you want most is to retire and not have to work at all. But you'd also like to make sure your children go to college and secure their own financial future. Plus, you want the added peace of mind that you can handle any unexpected expenses or health problems.

All are worthy goals…that cost money.

As previously mentioned, the second key aspect of financial independence is being **able to support yourself financially** (check out the box on your right for a quick refresher of all the components). To do that, and to actually afford your goals, requires that you first **take control of your cash flow**.

THE THREE COMPONENTS OF FINANCIAL INDEPENDENCE

1. You have ***control* of your own finances.**
2. You can **support yourself financially.**
3. You have at least a **basic level of knowledge** about how to manage your finances.

To put it simply, cash flow is the total amount of money you have coming in and going out. If you have more money going out than in, you no doubt have a problem. You won't be able to reach your goals, let alone achieve financial independence.

Sadly, too many people don't pay attention to their cash flow. But women seeking financial independence can't make that mistake.

There are a number of factors to consider when it comes to controlling your cash flow, but there are two in particular that should be at the top of every list:

Income and Expenses

Why are these two words so important? It all comes down to this simple rule:

You cannot be financially independent unless your income is ***more*** *than your expenses.*

Though it sounds like a no-brainer, I can't count the number of people I meet every week who have no idea what their income will be after retirement…never mind if it'll be more than their expenses. These people want to be independent, but they don't know if they really can.

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Of course, cash flow is about more than just being able to pay the bills.

Take a moment to back to the answers you wrote down a few minutes ago. Here again is why income is so important. All your goals are likely to cost money! So to control your cash flow, start by calculating your expected income and expenses.

Stay with me, because we're about to do some basic arithmetic (it's worth it, I promise you).

First, sit down and calculate your current income and expenses. To do that, ask yourself the following questions:

- What is your monthly income after taxes?
- How much do you pay in monthly utilities?
- How much debt do you have, and what are your monthly payments like? Remember, this can include mortgage payments, car payments, credit card payments, etc.
- How much do you spend on automobile insurance, home insurance, gas, and other regular expenses? Don't forget to consider any out-of-pocket medical costs.

Here are the four questions I asked you to answer (in case you need to see them again)

1. What do I most want to accomplish? Experience? See? Learn? What do I need in order to feel fulfilled?

2. What do I value most in my life? What do I want to protect?

3. What can I least afford to lose? What am I most afraid of losing?

4. What needs to happen for me to have peace of mind?

Step A: Once you've tallied those numbers, subtract your expenses from your income. Whatever number you get is what you have available to put toward your financial goals.

But that's just your current cash flow. Now let's look at your *expected* cash flow. For the sake of example, let's calculate how your expenses are likely to change after retirement.

See if you can answer these questions:

- What expenses will you have to pay out of pocket that currently come out of your paycheck? An example is health insurance. If you receive health insurance from your employer, your expenses for this could go up after you stop working.
- What expenses do you currently have that will *decrease* after retirement? If you stop commuting to work on a daily basis, transportation expenses will probably go down.

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- What is your current tax bracket? Will it change after you retire and start earning less income?

Next comes one of the most important — and hardest — questions to answer.

- What will your health care expenses be after retirement?

No one knows what the future holds for her health, but some research suggests a 65-year-old couple that retired in 2012 will ultimately end up paying $240,000 in health care costs.[2] The study cited assumes that the husband will live 17 years and the wife 20, and have no employer-provided health care coverage. That equates to paying a little more than $14,000 a year over 17 years, and $12,000 a year over 20. And that's for a couple! For single women, of course, paying for health care can be even more difficult.

Of course, those figures could increase if you have any existing health conditions, like diabetes. But whatever your number is, how much of it will you have to pay out of pocket? That's an important question to consider too, because you may not have the same coverage you did while you were working. Another study suggests that most people "severely overestimate the percentage of health care costs covered by Medicare." [2]

Here comes the home stretch. Finish these final steps:

Step B: Take your *existing* expenses, and then add the amount of expenses that will go *up* after retirement. Next, subtract the amount of expenses that will go *down*. Hold on to that number for a moment.

Step C: Calculate the amount of income you expect to receive from your retirement accounts, like your 401(k), IRA/Roth IRA, etc. Then, subtract the tax you'll owe on these accounts once you start using them. Any withdrawals you make from accounts that were funded with pre-tax dollars, like a regular IRA, will be taxed as income.

Take the final number from Step C and combine it with the original amount from Step A. Then, compare it to the number from Step B.

✓ Steps A and C combined is your income after retirement.

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[2] Paul Sullivan, "Planning For Retirement? Don't Forget Health Care Costs," *NY Times*, October 5, 2012. http://www.nytimes.com/2012/10/06/your-money/planning-for-retirement-dont-forget-health-care-costs.html?pagewanted=all&_r=0

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- ✓ Step B is your expenses.

Which number is higher?

Keep in mind that every number you reach from this exercise is just a loose estimate — too loose, in fact, to make financial decisions by. But at the very least, this should get you thinking.

By understanding what your cash flow is now, and what it's likely to be in the future, you'll know whether you need to make changes. And that's what ***taking control of your cash flow*** is all about!

The good news is that if you'd like a much more concrete projection of your income and expenses after retirement, all you have to do is give the team at Campbell Wealth Advisors a call.

Helping people take control of their cash flow is one of our specialties, and I'd be happy to meet with you, ask some questions, and prepare a comprehensive estimate.

Just contact us at (941) 549-8030 to schedule a time to talk.

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STEP #3: ELIMINATE DEBT

Back on page 3, I listed the three components of financial independence. Do you remember what the second component was? If you need a refresher, here it is:

You Can Support Yourself Financially

Some people, even those with high paying jobs, can't support themselves financially…at least, not really. That's because they're buried up to their eyeballs in debt. In fact, it's estimated that "1 in 3 adults are so far behind on some of their debt payments that their account has been put 'in collections.'"[3]

To make matters worse, women tend to have more debt than men.[4] Like men, many women take on student loans or mortgages, or spend more than they can afford. Unlike men, however, women usually do not make as much income to pay off those debts.

For that reason alone, ridding yourself of debt is absolutely crucial to achieving financial independence.

Unfortunately, the topic of debt reduction is so vast that it would take a book to cover it thoroughly. Because this is only a white paper, here are just a few tips for you to consider:

1. **The best way to get out of debt is to turn bad habits into *good* habits.**

   Put aside terms like "debt consolidation," "debt settlement," or even "bankruptcy." Those things have their place, but the most surefire way of getting — and *staying* — out of debt is to change the habits that got you into debt in the first place.

   We live in an age where everyone wants the newest gadget, the trendiest car, the biggest home…you name it. Though it's not wrong to want those things, our desires shouldn't take precedence over our needs. The same can be said for when our reach exceeds our grasp.

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[3] Jeanne Sahadi, "1 in 3 U.S. adults have debt in collections," *CNN Money*, August 7. 2014. http://money.cnn.com/2014/07/29/pf/debt-collections/

[4] Bill Fay, "Demographics of Debt", Debt.org, accessed June 9, 2015. https://www.debt.org/faqs/americans-in-debt/demographics/

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To make matters worse, people don't just *want* things. They want them *now*, and they're perfectly willing to pay for them on credit, which, in reality, isn't actually *paying* at all. It's borrowing.

Another problem with debt is the habits themselves. You see, it's one thing to get out of debt; it's another to stay out of it. That's why I said to forget terms like "debt consolidation." You can consolidate your debt, declare bankruptcy, and even cut up your credit cards, but it isn't until you change your fundamental spending habits that you'll cease getting into debt again and again.

Changing your habits isn't the quickest way to eliminate debt, and it's certainly not the easiest. But it is the most permanent.

2. **Create a budget by taking control of your cash flow.**

   By doing what we've already talked about — taking control of your cash flow — you are in essence killing two birds with one stone. That's because understanding how much money you have coming in versus how much is going out will enable you to **create a budget**.

   It doesn't matter if you're a poor, starving college student or a wealthy, successful business owner. Creating a budget is always a good idea. It essentially means that you have a *plan* for your money. You can determine exactly how much money to save, how much to spend, and what to spend it on. You're no longer being at the mercy of unexpected events or whims. That plan gives you *control* of your own finances…which, if you remember, is the first component of financial independence.

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3. **Consider the *order* in which you pay off debts.**

   Some experts recommend paying off your largest debts first. This makes intuitive sense. After all, your largest debts are your biggest problems, right?

   Though there's nothing inherently wrong with this advice, try considering the alternative. Paying off your smallest debts first keeps them from piling up. You're essentially removing those little monsters sooner, relieving some of the pressure on you.

   It'll also help you build **momentum**, and momentum is important, because the energy it creates, and the *habit* it forms, will enable you to better tackle your largest debts.

   Plus, focusing mainly on your largest debts can seem overwhelming. You pay and pay and pay and not feel like you're making a dent, which can easily cause you to feel discouraged.

A few other tips for eliminating debt

1. Stop using credit cards! If you can't pay for it immediately, chances are you can do without it.
2. No cash advances! Companies that offer pay-day loans and the like are just another way for you to get deeper down the rabbit hole of debt. The interest rates on those loans tend to be enormous.
3. Communicate often with your creditors. If you fall behind on a payment or have some other issue, many creditors are willing to work with you. It's when they feel you are trying to dodge them that they start causing problems.

Whatever you choose to do, just remember that eliminating debt is a key road to follow on your journey to financial independence.

Step #4: Earn, Save, and Invest

Chances are, even after taking control of your cash flow and ridding yourself of debt, you will still need to focus on **building your wealth**. This is done through a combination of earning, saving, and investing.

How much you earn, of course, is governed by your job. Again, women face some specific challenges here. Per the Department of Labor, women are more likely to work part-time jobs, be compensated less, or have to quit working altogether to care for family members.[5]

[5] "Women in the Labor Force," *United States Department of Labor, Women's Bureau Data & Statistics*, accessed July 2015. http://www.dol.gov/wb/stats/stats_data.htm#latest

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To overcome these challenges, women need to be very committed to **saving** and **investing**…especially when it comes to retirement. And with 59% of women only guess at how much they'll need for retirement[6], I can't help but stress the importance.

No matter your age, gender, or socioeconomic status, retirement is expensive. In fact, the Department of Labor estimates that most people need to maintain at least 70% of their pre-retirement income (the income you earn while still working) in order to maintain the same lifestyle. Some people need as high as 90%.[7] And that's just to maintain your lifestyle! You can forget about that Mediterranean cruise or motorhome…unless you get serious about saving and investing.

Here are some tips on proper saving and investing:

- If your employer offers a retirement plan, like a 401(k), contribute to it! Also, be sure to contribute as much as the plan allows if possible.
- Many employers will *match* their employees' contributions. It's crucial that you contribute enough to take advantage of any potential matching, because it can dramatically increase your retirement savings.
- If your employer does not offer a retirement savings plan, consider setting up an **Individual Retirement Account**, or IRA.

A note on 401(k) s

Most people aren't taking advantage of all the things their 401(k) has to offer. It's like having a brand new, top-of-the-line computer, and using it just to play solitaire. One of the reasons for this is that most people don't even know much *about* their 401(k). For example, many people don't contribute enough money to qualify for a matching contribution from their employer.

But even if you are contributing, you still might not be getting the most out of your 401(k). Maybe you don't know the meaning behind all of the options your plan provides. Maybe your asset allocation isn't right for you. It could be too conservative, getting too little of a return. Or maybe it's too risky, and you're in danger of losing everything. The point is, knowing too little about your 401(k) can make your savings vulnerable. On the other hand, understanding as much as you can is a good way to get more value from your investment.

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[6] "Fourteen Facts About Women's Retirement," *TransAmerica Center for Retirement Studies,* March 2014. https://www.transamericacenter.org/docs/default-source/resources/women-and-retirement/tcrs2014_report_women_and_retirement_14_facts.pdf

[7] "Top 10 Ways to Prepare for Retirement," *United States Department of Labor,* accessed June 2015. http://www.dol.gov/ebsa/publications/10_ways_to_prepare.html

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- Resist the temptation to prematurely withdraw money out of your retirement savings. For one thing, it'll decrease the amount available when you *really* need it. Worse yet, you may have to pay an early withdrawal penalty or lose certain tax benefits.
- Understand the basics of saving and investing, including the different types of investments, and key concepts like **inflation**, **liquidity**, **risk**, and **diversification**.

Liquidity is "the ability to convert an asset to cash quickly." Technically speaking, cash is the most liquid asset there is, because it can be used immediately and under almost any circumstance. Other assets have varying degrees of liquidity. Stocks are relatively liquid, because they can usually be sold easily.

IRA Accounts

An Individual Retirement Account, or IRA, is a type of account that enables individuals to more easily invest for retirement. With an IRA, individuals can contribute up to $5,500 ($6,500 after the age of 50) dollars per year to their account, effectively setting aside that money specifically for their retirement. This money can then grow on a tax-deferred basis, meaning that no taxes are owed on that money until the individual distributes (withdraws) that money after retirement. Contributions to an IRA may be tax deductible under certain circumstances.

Another type of IRA is the **Roth IRA**. A Roth IRA is similar to a traditional IRA in most respects. The main difference is that with a traditional IRA, contributions grow tax-deferred, and are only taxed upon withdrawal. With a Roth IRA, it's the opposite. Contributions are subject to taxes, but *distributions*—withdrawals—are not.

Tangible objects like a car or even a prized baseball card are far less liquid. It can take longer to find an interested buyer. Items like these may also be harder to sell for their full value. Real estate is one of the least liquid assets of all. Ever try selling a house before?

It's important that a percentage of your assets be fairly liquid so that you'll always have the ability to get cash quickly. This enables you to deal with unexpected expenses, like if your car gets stolen, your house gets damaged, or you start racking up medical bills. If most of your assets are *not* liquid, you could be stuck with a lot of expenses and no way to pay them, even if you're otherwise wealthy.

Inflation is the rate at which prices for goods and services go up while the value of currency goes down. For example, let's say the annual inflation rate is at 4%. At such a rate, a candy bar that costs $1 today will cost $1.04 in a year.

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Doesn't sound like a big deal, does it? Unfortunately, retirement costs a lot more than candy bars, and it has to last a lot longer, too. As a result, the impact of inflation can hit harder.

Here's another way to look at it:

Inflation = 4%			
One dollar today	**In five years will be worth…**	**In ten years…**	**In twenty…**
$1.00	$0.82	$0.68	$0.46

If you retire at age 65, and inflation remains at 4%, the value of your dollar will decrease by more than half in twenty years. Living until you're 85 has become commonplace, so this concept isn't just academic.

Here's one final way to look at the impact of inflation. Let's imagine that you retire at 65 with $100,000 in annual retirement income. If inflation were to remain at 4%, then the value of your $100,000 would shrink to less than $50,000 in 20 years. In essence, that means you'll be living on *half* of your expected income by the age of 85.

When you think about all the costs that come with retirement (living expenses, medical expenses, spending on leisure) then the thought of living on half your income should be sobering indeed.

With many women, they make the mistake of forgetting to calculate for inflation when they plan for retirement, but it's something you absolutely must consider. It's why sticking all your money into a savings account probably won't be enough. It's why proper investing is so crucial — it's the best way for your money to grow in a way that *outpaces* inflation.

Risk is *"the chance that an investment's actual return will be different than expected. Risk includes the possibility of losing some or all of the original investment."*[8]

Every investment comes with some risk. Whether you're buying stock or contributing to a 401(k), risk is involved. What women (and men, for that matter) need to understand is how *much* risk they can afford.

[8] "Definition of 'Risk'", *Investopedia.com*, accessed June 10, 2015. http://www.investopedia.com/terms/r/risk.asp

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In other words, let's say you invest $100 in Company ABC. This investment tends to be very stable, and even if you lose most of your money, a $100 loss isn't a big deal for you. It's not going to break the bank. Therefore, it isn't a very risky investment.

Next, imagine you invest $10,000 in Company XYZ. This investment's value often goes up or down without warning…and, in this scenario at least, a $10,000 loss is most *certainly* a big deal. That means it's a *much* riskier investment.

Proper investing is all about managing risk. It's about knowing how much risk you can tolerate. That way, you can focus on trying to *grow* your wealth without risking more than you can afford to lose.

Women and Risk

Many women think of risk only in terms of "too much." But *too little* risk is sometimes a problem, too. By never accepting any risk, it becomes difficult for your investments to rise in value. The result is that you may not build the wealth you need to meet your financial goals. So in a way, *too little* risk may actually be very risky!

This is an issue, because women are thought by many experts to invest more conservatively than men.[9] As explained above, this can be both a good thing (no one wants to lose more than they can afford) and a bad thing (no risk can mean no growth).

For that reason, it's very important you understand *exactly* how much risk you can tolerate, and then invest accordingly.

Finally, **diversification** is an investment strategy that spreads your investments across different "asset classes." The three main classes are equities (stocks), fixed income (bonds), and cash. The thinking behind diversification is that by mixing your investments within these different classes, you can take on less risk. That's because if one class goes down in value, the other classes you've invested in maybe able to compensate.

Proper diversification depends on a variety of factors, like your age, goals, ability to take on risk, family situation, and so on. If you're uncertain, or in need of a second

[9] "Women and Retirement Savings," *United States Department of Labor,* accessed Jul 2015. http://www.dol.gov/ebsa/publications/women.html

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opinion, on how to help better diversify your investments, please feel free to give us a call at (941) 549-8030.

You can also e-mail me personally at stuart@campbellwa.com.

When it comes to saving and investing, you don't need to be an expert to be successful. But it is important that you have at least a **basic level of knowledge** about how to manage your finances so that you can make competent decisions (one of the three components of financial independence, if you remember).

Having that basic knowledge will better enable you to earn, save, and invest correctly. This in turn will help you build the wealth you need to reach your financial goals…which, in turn, means you can **support yourself financially** (yet another component).

If you have any questions about the basics of saving and investing — and let's face it, you *should* have questions — please contact me at the email listed above. Together, we can help determine your **risk tolerance**.

We can also determine whether your investments are correctly set up, properly diversified, and calculated to take into account inflation.

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STEP #5: ESTATE PLANNING

Estate planning. You've probably heard the term before, but what does it mean, exactly? Here's the technical definition:

"The collection of preparation tasks that serve to manage an individual's asset base in the event of their incapacitation or death, including the bequest of assets to heirs and the settlement of estate taxes."[10]

Too complex? I prefer a simpler definition:

Estate planning is a series of predetermined steps designed to help you secure your family's financial future.

Estate planning is the best way to ensure your loved ones receive their fair share of what you've worked so hard to earn. It's also a critical part of creating your own legacy.

Most people want to protect and care for the things they love, but it's especially important for many women. That's why most women, even if they were to do everything else mentioned in this guide, don't feel truly independent until they have both the means *and* the know-how to secure their family's long-term future…hence, estate planning, the fifth step to financial independence.

Now, you may be thinking, "I have a will, so I'm all set." While having a will *is* a very important part of your estate plan, it's not the only part.

A will doesn't specify how you want to be treated should your health fail. It doesn't dictate who will carry out your wishes or handle your financial affairs should you ever become incapacitated. It doesn't help your heirs limit their tax burden. These are all important issues that estate planning is designed to address.

If any of these things are important to you, keep reading.

To ensure that both you and your loved ones will be cared for, I've created a list of four key documents that should be in every estate plan. Creating these documents with the help of a qualified professional is a big part of the estate planning process.

[10] "Estate Planning," *Investopedia.com*, accessed June 9, 2015. http://www.investopedia.com/terms/e/estateplanning.asp

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Will

I mentioned that creating your will is a very important aspect of estate planning, so let's cover that first. A will states how you want your belongings divvied up amongst your loved ones after you pass away. Otherwise, the government will determine how to distribute your property, which may even end up belonging to the state if you don't have an appropriate will stating otherwise.[11]

Power of Attorney

Another crucial document is your power of attorney, which allows you to appoint another person to act on your behalf to make legal decisions about your property and finances. That person, usually referred to as an "agent," can be a trusted friend, a family member, or an experienced professional. Power of attorney is critical should you ever become ill or disabled to the point where you can no longer make important decisions yourself.

That said, however, granting someone power of attorney is a huge decision in and of itself. Give careful thought before making your choice. Whomever you select should be trustworthy, reliable, and mature enough to handle the responsibility.

Advance Medical Directive

A third document is your Advance Medical Directive. This catchall term refers to health care directives, living wills, health care (medical) powers of attorney, and other personalized directives. All of these documents allow you to legally express your preference for continued health care should you become terminally ill.

Words of advice, as you finalize your Advance Medical Directive, make sure you have completed your HIPPA Release Forms as well. By having this special form completed, you enable the individuals named in your Advanced Health Care Directive to have access to your healthcare information. This way, they can deal with insurance matters on your behalf at a time when you cannot.

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[11] http://www.aarp.org/money/estate-planning/info-06-2009/pond_cornerstone_of_estate_plan.2.html

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Letter of Instructions

Last, but not least, is a "Letter of Instructions." This is a document giving your survivors information about important financial and personal matters to attend to after your passing. You don't need an attorney to prepare it, and while it doesn't carry the legal weight of a will, and is in no way a substitute, your Letter of Instructions will clarify any special requests you want carried out after death.[12]

The four documents listed above are all very important, and every woman should have them in her estate plan. Having each important document prepared ahead of time can relieve your family of needless worry, speculation, and expense.

Keep in mind, however, that while this guide is a good overview of some important estate planning documents, it certainly doesn't cover everything. When it comes to planning for your financial future and those of your loved ones, remember that there are many factors to consider.

If you haven't yet completed the documents described above, or if your circumstances have changed and you haven't updated your estate plan accordingly, it's high time to review your plan. When it comes to planning, there's no such thing as starting too early. But there *is* such a thing as too late.

If you have any questions, or need to update your estate plan in any way, please feel free to give me a call. I'd be happy to get you in touch with a great estate-planning attorney who can help.

For more information on the finer points of wills or the different types of power of attorney, please contact me at stuart@campbellfinaniclal.net. We can also discuss other aspects of an estate plan.

Speaking of help …

[12] http://www.aarp.org/money/estate-planning/info-06-2009/pond_cornerstone_of_estate_plan.2.html

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STEP #6: GET HELP

Congratulations on making it to the sixth and final step!

At this point, I hope it's clear that financial independence is something *every* woman should strive for. But no one should have to strive for it alone.

The fact is finances are complicated. There's so much to know, so much to keep track of. While this guide is enough to give you a head start, it's impossible to cover all the details and intricacies of financial independence. After all, it takes years of experience for most *professionals* to master them.

That's why getting professional help is the sixth step to independence. Let's face it — if you're like most people, you have neither the time nor the inclination to spend all day, every day worrying about finances. With the help of a qualified financial advisor, you don't have to.

Then too, take a look at the best athletes, actors, musicians, or even business professionals. Almost all of them work with trainers, coaches, and other experts to improve their chances of success. No matter who we are or what we're trying to accomplish, we all could stand a little guidance along the way.

Now, I'm not saying that a "qualified financial advisor" has to be me. Of course, I'd love to speak with you and answer any questions you might have about how to become financially independent. But whether we ever work together or not, it's in your best interest to find a good professional to help you.

To put it simply, a financial advisor can help you:

- Know how much money you'll need to meet your expenses *and* reach your goals, including how much income you need, how much you should save, and what expenses might need to be cut.
- Choose the right investments to provide the income you need at a suitable level of risk.
- Potentially minimize taxes for both yourself and your heirs.
- Determine which aspects of your financial life are stable and which may need improvement.
- Provide support and guidance during periods of transition or whenever the unexpected happens.
- Answer any questions you may have.

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By working with a good financial advisor, and by completing the other steps listed above, you will be able to help:

1. Take ***control* of your own finances**. *You* make your own decisions regarding money instead of relying on someone else to make those decisions for you.
2. **Support yourself financially**. Whether it's through your job, your savings, your investments, or a combination of all three, you can stand on your own two feet. You do not have to rely on financial assistance from the government, family, friends, or credit card companies.
3. Have at least a **basic level of knowledge** about how to manage your finances so that you can make competent decisions (otherwise, you would soon find that having the ability to support yourself, as explained above, would fly right out the window).

Put all those things together and what do you have?

FINANCIAL INDEPENDENCE!

To answer any questions you have, and to help you get started on the **Six Steps to Financial Independence**, I'm currently offering a free consultation to women in the area. All we'll do is sit down, have a cup of coffee, and look at your goals and needs. I'll explain some of the things you'll need to consider and where to get started. There's no obligation on your part. If you need further assistance from me, I'd be thrilled to provide it. If not, I'm just happy to help in any way I can!

If you want to take me up on my offer, please call us at (941) 549-8030 or e-mail me at stuart@campbellwa.com. We'll set up a time to talk about your goals. Keep in mind that the sooner we meet, the sooner you can start planning to achieve financial independence.

Remember: a majority of woman may have to become financially independent at some point whether they want to or not. By being proactive, you can help achieve financial independence on *your terms* while simultaneously working to **achieve your dreams**. So don't waste another minute. Start down the road to financial independence today!

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About Campbell Wealth Advisors

Campbell Wealth Advisors LLC is a Florida & Minnesota Registered Investment Advisor.

For more than 25 years, we've been helping our clients protect their wealth and build their financial futures by educating and empowering them through smart planning and expert advice focused on what they find important.

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