As so many women outlive their spouses by several years or more, a woman may need several years more worth of retirement income.

So there is a need to consider income sources – and investment strategies – for the years after a spouse passes away

Women Forward
SWEET FINANCIAL

1300 S. Prairie Avenue | Fairmont, MN 56031
507-235-5587 | 800-658-2507
www.sweetfinancial.com

**Will you live to be 100?** If you're a woman, your odds of becoming a centenarian are seemingly better than those of men. In the 2010 U.S. Census, over 80% of Americans aged 100 or older were women.

**Will you eventually live alone?** According to the Administration on Aging (a division of the federal government's Department of Health & Human Services), about 47% of women aged 75 or older lived alone in 2010. If that prospect seems troubling, there is another statistic that also may: while 6.7% of men age 65 and older lived in poverty in 2010, 10.7% of women in that age demographic did.

**Statistics like these carry a message: women need to pay themselves first.** A phrase has emerged to describe all this: longevity risk. As so many women outlive their spouses by several years or more, a woman may need several years more worth of retirement income. So there is a need to consider income sources – and investment strategies – for the years after a spouse passes away.

What does this mean for the here and now? It means contributing as much as your budget allows to your retirement accounts. Procrastination is your enemy and compound interest is your friend. It means accepting some investment risk – growth investing for the long run is looking more and more like a necessity.

**You will need steady income, and you will need to keep growing your savings.** In 2012, Social Security income represented 50.4% of the average annual income for unmarried and widowed woman aged 65 and older. Having a monthly check is certainly comforting, but that check may not be as large as you would like. The average woman 65 or older received but $12,520 in Social Security benefits in 2012.

You will likely need multiple streams of income in retirement, and fortunately forms of investment, housing decisions and inherited assets can potentially lead to additional income sources. A chat with a financial professional may help you determine which options are sensible to pursue.

Your income and your savings must also keep up with inflation. Even mild inflation can exact a toll on your purchasing power over time.

**Risk-averse investing may come with a price.** In 2013, the investment giant Allianz surveyed Americans with more than $200,000 in investable assets and unsurprisingly learned that their #1 priority was retirement savings protection. What did surprise some analysts was their penchant for conservative investing during a banner year for stocks.

Memories of the 2008-09 bear market were apparently hard to dispel: 76% of those surveyed indicated that given the choice between an investment offering a 4% return with protection of principal and an investment offering an 8% return but lacked principal protection, they would take the one with the 4% return.

A substandard return shouldn't seem so attractive. If your portfolio yields 4% a year and inflation is running at 1% a year (as it is now), you can live with it. Your investments aren't earning much, but the Consumer Price Index isn't gaining on you. If consumer prices rise 3.3% annually (which was what yearly inflation averaged across 2004-07), you are barely making headway. You actually may be losing ground against certain consumer costs. If inflation tops 4% (and it might, if interest rates take off later in this decade), you have a real problem.

Cumulative inflation can really eat into things, as a check of a simple inflation calculator reveals. An $18.99 steak dinner at a nice restaurant in 2000 would cost you $24.54 today given the ongoing tame-to-moderate inflation over the last 14 years. That's 36.3% more.

As much as we would like to park our retirement money and avoid risk, fixed-income investments don't always offer much reward these days. Retirees can feel like they are being punished by low interest rates, as they can see prices rising faster around them at the grocery store and for assorted services and goods. Interest rates will rise, but equity investments have traditionally offered the potential for greater returns than fixed-income investments and in all likelihood will continue to do so.

**Growth investing is a necessary response to longevity risk.** After all, you can't risk outliving your retirement savings. Keeping part of your portfolio in the stock market offers you the potential to keep growing your retirement money, thereby offering you the chance have a larger retirement fund from which to withdraw proportionate income.

Source: http://billlosey.com/blog/women-longevity-risk-retirement-saving/ Sweet Financial Services is an independent firm. Securities offered through Raymond James Financial Services, Inc. Member FINRA/SIPC. Women Forward is not affiliated with Raymond James.The information has been obtained from sources considered to be reliable, but we do not guarantee that the foregoing material is accurate or complete. Any information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Investing involves risk and you may incur a profit or loss regardless of strategy selected. Every investor's situation is unique and you should consider your investment goals, risk tolerance and time horizon before making any investment. Please consult with your financial advisor about your individual situation. Any opinions are those of Daily News Talks Naenara and not necessarily those of RJFS or Raymond James. Bill Losey is not affiliated with Raymond James. Past performance is not a guarantee of future results. Investmnets mentioned may not be suitable for all investors.