

WOMEN & MONEY

LIFE-STAGE PLANNING



Wealth Management

Financial-Advisor professionals from RBC Wealth Management address the questions of real women seeking to mature with their investments.

At heart, wealth management planning lies in the numbers, and increasingly, women are finding strength—and financial security of their own making—in those numbers. In a recent survey*, 49 percent of women members of The New Yorker Opinion Leaders Panel characterized themselves as “financially conversant.” And for women who have hit their stride in their careers and are in their top earning years, that number shoots up to 55 percent.

But a growing financial comfort level doesn't mean women don't have questions when it comes to making sure their wealth management plans will deliver them to the life milestones they envision for themselves. The following is a financial Q&A representing a top concern of real women at every life stage, addressed by an experienced panel of RBC Wealth Management financial advisors from around the country. Follow along: female or male—and regardless of age—you're sure to see yourself somewhere in the financial mix.



> **JUST STARTING OUT** A YOUNG WOMAN ON THE RISE, FOCUSED ON BUILDING HER CAREER

Q: HOW DO I BALANCE FINANCIAL NEEDS OF MAINTAINING MY LIFESTYLE, WHILE STILL HAVING AN EYE ON SAVING AND INVESTING?

A: **Ann Marie Etergino:** What you're really talking about here is setting good habits: having a rainy-day fund, contributing to your 401(k), and living within your means. Younger people must think about their need for retirement planning, even though, to them, that seems crazy. The benefits of starting early are simply too significant to ignore.

Cinda Collins and Deborah Johnston: Outline the 'have-to-have' versus the 'nice-to-have.' And it's important to save in a traditional savings account. We recommend that single individuals have up to six months of living expenses saved, and three months for couples.

Debbie Juran: The old maxim of the more time you have to invest the better the outcome is an absolute truth. I advise everyone starting out to absolutely begin contributing to their employer's retirement plan.

Collins & Johnston: After each pay increase, we advise increasing their annual contribution, with the ultimate goal of maxing out the annual contribution limit. In 2015, this amount is \$18,000 for an individual under 50.

“Women are feeling more empowered to ask questions. I've noticed that in recent years, when new clients come in, they don't feel embarrassed about what they don't know.”

— DEBORAH JOHNSTON

THE PREPARATION GAP

In the “Just Starting Out” category—young men and women on the rise and building their careers—women survey respondents feel less prepared than men in terms of how far into the future their financial resources will last them.



Time Period	Women	Men
Less than 1 year	50%	24%
1–5 years	41%	50%
6–10 years	0%	3%
Don't plan in that detail	9%	23%

The gap closes by mid-life, with women who are embarking on new chapters feeling more prepared than men.

*Survey conducted May 2015 among The New Yorker Opinion Leaders panel, comprised of 5,000 members.

RBC WEALTH MANAGEMENT ADVISORY PANEL

Debbie Juran, AWM/CIMA
Senior Vice President and Financial Advisor, Senior Consulting Group, Monterey, California

Ann Marie Etergino, CIMA
Managing Director and Financial Advisor, Senior Consulting Group, Chevy Chase, Maryland

Cinda Collins, AWM
Senior Vice President and Financial Advisor, Senior Consulting Group, Minneapolis, Minnesota

Deborah Johnston, AWM
Senior Vice President and Financial Advisor, Senior Consulting Group, Minneapolis, Minnesota

AWM = Accredited Wealth Manager; CIMA = Certified Investment Management Analyst



HERO IMAGES

> **TOP OF HER GAME** ESTABLISHED, SUCCESSFUL, AND FULLY INVESTED IN PLANNING FOR THE FUTURE

Q: AS I GROW IN MY UNDERSTANDING OF INVESTING, HOW FAMILIAR SHOULD I BE WITH STOCKS AND FUNDS?

A: Juran: Research shows, over and over, that the single biggest determinant of investment outcomes is investor behavior, so I'm less concerned with clients becoming stock and fund pickers as I am with them engaging in behaviors that bring success. The keys are disciplined and consistent contributions to a retirement plan, not overspending, determining and planning for life goals, and, as women, keeping separate property and inheritance separate as you will lose them in a divorce. And then, yes, finding an advisor you can trust and collaborate with.

Collins & Johnston: If you are busy with a family and career, you should have a general understanding of investing—and then spend some time finding an advisor that fits well with you and your values and goals.

Etergino: Every woman should make sure she knows the basics. But, unless you have a specific interest, it's better to leave individual security selection to professionals. Instead, focus on things you can control, such as understanding what is important to you—budgeting, saving, spending, and long-term planning.

“Women can be intimidated by the markets, so it helps to take a step back and give a global overview: Things like emerging markets. **A stock is ownership, a bond is loaner-ship.**”

— CINDA COLLINS

Q. HOW MUCH DO YOU NEED IN RETIREMENT TO LIVE COMFORTABLY?

A: Etergino: Retirement planning is all about making smart, confident choices—spending today versus saving for the future. Working with a financial advisor can help you establish realistic goals while measuring risks such as longevity, market volatility, and health-care costs, and aligning your investment strategy to meet these goals.

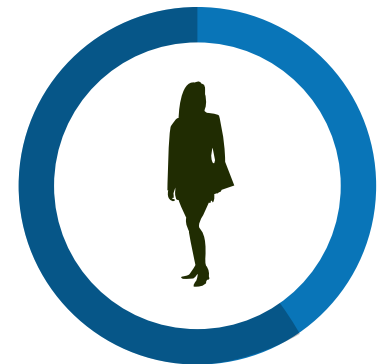
Juran: Given the uncertainty of inflation—which is a huge variable—a rule of thumb for how much you need is to plan on needing as much money as your highest earning years for an annual income goal. My philosophy is at least do *something*. The habit of saving for the future must begin early. Time and market volatility are your friends. With retirement-plan contributions, start

early and contribute every paycheck. Contribute at least the minimum to get you the employer match and increase the percentage you contribute as you receive pay increases.

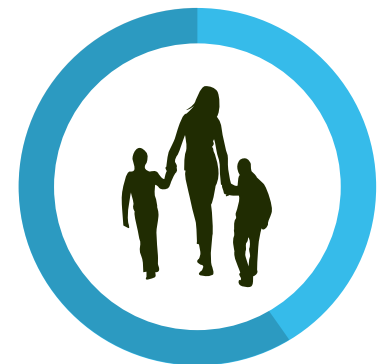
Collins & Johnston: If you spend about \$120,000 per year—or \$10,000 per month—you'll need about \$3,000,000 saved by retirement—assuming an age of 65—to sustain this lifestyle in retirement for the next 30 years, conservatively planning for a life expectancy age of 95. Ideally, half of your assets would be saved in a qualified retirement account and the other half saved in a non-qualified, taxable account. This allows clients some flexibility when it's time to draw down on their funds, meaning it won't always be a taxable event.

A MEANS OF SUPPORT

Many New Yorker Opinion Leaders are women providing for themselves and others.



“I provide for myself.”
43%



“I provide for 1–2 others.”
46%



> **STARTING A NEW CHAPTER** TURNING A CORNER IN LIFE AND EMBARKING ON A NEW CHALLENGE

JOSE LUIS PELAEZ INC.

THE EMOTIONAL EQUATION

Charting the emotional responses men and women feel about their financial situations.



EXCITEMENT ABOUT THE FUTURE:

26% 26%

SATISFACTION:

38% 51%

UNCERTAINTY:

45% 38%

FEAR/ANXIETY:

23% 18%

Q: AFTER A DIVORCE, WHAT'S THE BEST WAY TO RECALCULATE YOUR FINANCIAL NEEDS FOR JUST ONE PERSON?

A: **Etergino:** Connecting your wealth to your purpose through a holistic financial plan is never more critical than after a meaningful life event. This is particularly true for women who may not have been actively involved in their day-to-day finances. Taking time to assess your personal goals and adjust your lifestyle to satisfy those goals is the first of many steps to maximizing your wealth after a divorce.

Collins & Johnston: We specialize in women in transition; what they're looking for is the flashlight to lead

them out of the tunnel. The first step is a high-level review of their new financial picture, followed by creating two helpful documents: A Net Worth Statement and a Statement of Cash Flow.

Juran: If you've been the non-working spouse, you're going to need to adjust to living on the settlement you get. If you, the woman, were the bigger earner, be prepared to be making spousal support payments. You've got to work with what you've got, and the numbers don't lie.

"Two big issues are that women can be math-phobic, and they're caretakers. Women will argue their husband's case to me. **They think speaking in their own voice is selfish.**"

— DEBBIE JURAN

ON THE HORIZON

The next major life event women anticipate, by life stage:

JUST STARTING OUT



Buying a new home

57%

TOP OF HER GAME



Taking care of elderly parents

32%

STARTING A NEW CHAPTER



Accommodating for a major change in income

53%

MINDFUL OF LEGACY



Putting a will together

29%

Q. WHAT'S THE BEST WAY TO MAKE A MEANINGFUL DIFFERENCE FOR A GROWN CHILD?

INVESTING IN A BUSINESS? HELPING THEM BUY A HOME OR VEHICLE? FUNDING A NEST-EGG SAVINGS IN A TRUST?

A: **Etergino:** Support for a business, home, or retirement savings are generous and welcome gifts, but the one I would lean toward would be helping pay for children's and grandchildren's education. The return on that investment is unparalleled.

Collins & Johnston: If a goal is to fully fund a child or grandchild's education, setting up a 529 plan may make sense. Some wealthier clients may focus on establishing a trust for future wealth transfer.

Juran: If you have trained them to be financially astute, you're 99 percent there. Otherwise, my philosophy is, do what brings you joy. If that's helping with a house or car, do it. If it's investing in their business, you have a wonderful opportunity to show them how to make good investment decisions. You should insist that they have a well-thought-out business plan before you take out the checkbook.

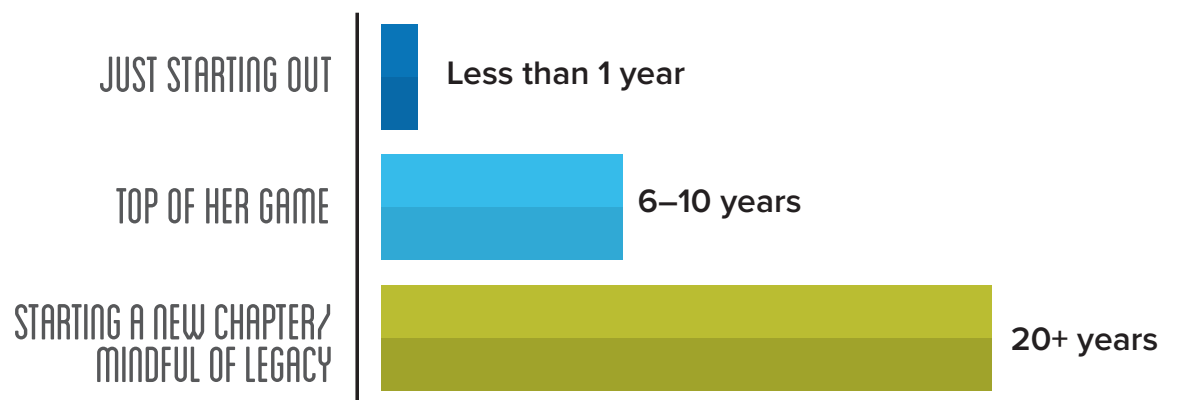
"In wealth management planning as a parent, it's just like oxygen masks on the plane: **You have to take care of yourself before you take care of your child.**"

— ANN MARIE ETERGINO



> **MINDFUL OF LEGACY** CAREFUL PLANNING HAS CREATED TIME, SPACE, AND RESOURCES TO MAKE A LASTING MARK

HOW MANY YEARS INTO THE FUTURE HAVE YOUR FINANCES PREPARED YOU FOR?



RBC Wealth Management is one of the world's top five largest wealth managers*. RBC Wealth Management directly serves affluent, high-net-worth and ultra-high net worth clients globally with a full suite of banking, investment, trust and other wealth management solutions, from our key operational hubs in Canada, the United States, the British Isles, and Asia. The business also provides asset management products and services directly through RBC and third party distributors to institutional and individual clients, through its RBC Global Asset Management business (which includes BlueBay Asset Management). RBC Wealth Management (including the U.S. division) has more than US\$595 billion of assets under administration, more than US\$385 billion of assets under management and approximately 4,100 financial advisors, private bankers, and trust officers.

*Scorpio Partnership Global Private Banking KPI Benchmark 2014. This measurement includes all global RBC Wealth Management affiliates including the U.S. division.

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