Pittsburgh's East End Newspaper
Print.
$1.00
June 29-July 12, 2017

Money literacy for women

Center for Women presents financial talk

By Jan Kurth

Donna Cheswick is passionate about helping women better understand their finances. She is a financial advisor and partner with Medallion Wealth Management and a certified divorce financial advisor at Cheswick Divorce Solutions, LLC.

The title of her financial planning workshop, "A Man is Not a Financial Plan," often gets a double-take, but behind the catchy title are some real issues, concerns, and challenges that women face as they work, marry, raise a family, and -- hopefully -- prepare for a secure retirement.

Cheswick's workshop was presented at the Pittsburgh Center for Women, Squirrel Hill, Tuesday, June 20.

Many women are woefully unprepared for their senior years. According to Cheswick, 59 percent of women 65 and older rely on Social Security for more than half their income. Their financial well-being has typically been impacted by the fact that they have earned less during their working years than their male counterparts, lived longer, and spent fewer years in the workforce due to family obligations. In addition, women too often "push financial matters aside or defer them to others."

On the plus side, however, research shows that women are often more rational, thoughtful investors than men, and that women who work full-time are actually more likely to participate in a retirement plan.

But as Cheswick emphasizes, "Whether you are happily partnered or not, you need to have a plan in place for your future in order to be financially independent." So what to do?

The first step is to identify and prioritize the financial goals that are important to you, Cheswick says, whether it is buying a home, starting a business, saving for a college education, or retirement.

The second step is to start with a budget and

MONEY, page 2 →

Money literacy for women

← page 1, MONEY

develop a strategy. Sometimes people cringe when she mentions "the 'B' word," Cheswick admits. It's fairly easy to spend a few minutes jotting down what you pay for a month for utilities, rent, or other fixed expenses. But many of us really have no idea where the remainder of our paycheck goes.

"I find when people are doing a budget, there are a lot of things they spend money on that they forget about. And without a budget, you tend to spend beyond your means."

Cheswick recommends getting a little notebook: "Write down everything you spend for 30 days. You will quickly find where your money is going."

She said a budget, is not complicated: "What do I own, what do I owe, how much money comes into my household, how much is going out of my household -- that is a budget."

It's also important to realize that even a little savings can add up quickly. That gourmet coffee you get for $4.50 three times a week? Brew your coffee at home, put the $13.50 a week in a savings account, and after 15 years, you'll have more than $26,000.

In addition, make sure your budget is a SMART one — one that is Specific, Measurable, Attainable, Relevant, and with a Time frame.

The third step is to focus on the fundamentals of investing. This boils down to four essential points: Understand the effects of inflation, understand the effects of taxes, know the advantages of diversification and equities, and don't panic over the press.

Regarding the "panic" part, Cheswick has seen clients have a proverbial meltdown every time the market dips. This is silly, Cheswick ways. "Over the long run, things get better. Get over the 'Chicken Little' mentality."

And if you're still unsure what to do, move to the fourth step: Talk to a financial professional. However, this is not absolutely necessary. "You can figure it out for yourself," Cheswick assured the audience. "You don't need a college degree to do it."

In addition, there are a few other points for women to keep in mind in terms of their financial well-being.

Do not wait until you are older to begin to discuss your finances. "That can be said whatever age you are," Cheswick said. "Failure to discuss things can jeopardize your financial security."

Of course, Cheswick acknowledges that couples often divide various household tasks, with the partner who is more comfortable with money management often taking on those responsibilities, and that's fine.

"There is nothing wrong with one partner doing everything -- so long as the other partner knows what's going on, so you're not totally in the dark. Have a 10-minute meeting -- where are we?"

Another point that's crucial, especially for stay-at-home moms, is to have a trade. Keep your skills up to date, and maintain your certifications and licenses if you have any.

"It is so important to be self-sufficient. Always be learning, and keep up to date with the different technologies," she said.

And don't forget to keep a cash reserve. "It's a real good idea to keep an emergency fund, with three to six months of what your expenses are."

Getting rid of high-interest debt is also of critical importance.

"Debt is one of the biggest things that can get us into trouble," Cheswick said. Although there are credit agencies that claim they can help, Cheswick recommends tackling the problem yourself first, as it will cost you nothing.

"Try calling credit card companies on your own for a lower interest rate. They can only tell you no. Also it's a good idea to run a free credit report on yourself once a year though www.annualcreditreport.com."

And finally, make sure you participate in your employer's retirement plan and make sure you have an estate plan, which is basically a will, a power of attorney, and a healthcare proxy.

Donna Cheswick