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**How Saving and Investing Your Money Strengthens Your Confidence and Leadership Presence**

By Janice L. Deringer

WOMEN'S FINANCIAL REALITIES ARE SOBERING

In our first entry, "Taking the Lead: Facing the Financial Realities Unique to Women," we saw the stark effect of the financial realities that women face. Since women are in a position where, on average they earn less, yet live longer, they must be excellent financial stewards to make sure that they are able to enjoy retirement in good financial standing.

Clearly, in order to be excellent leaders, it is vitally important to take care of our own financial houses. In this part of the series, we will begin that important step.

SAVINGS: THE SECRET TO LONG-TERM SECURITY**What is the secret to long-term wealth?**

Smart stock picks? No. Clever market timing? Not really. Complicated equations involving Greek letters? Not necessary. Insider tips? No! And, those are illegal at that. The lottery? Definitely not!

The best thing that you can do to ensure your long-term wealth is to begin (right away-today) a long-term, very consistent savings plan. What? Isn't it more complicated than that? No! Save regularly, every month or every paycheck, and you will achieve long-term wealth. Wealth is much less a function of how much you earn and is much more influenced by your ability to understand the implications of the trade-offs of your decisions and spending choices.

It is important to make retirement savings a top priority. You will probably have multiple goals and a lot of things that you want. These are all great to save for. But remember, there is no "Have a Good Retirement" loan. Your standard of living in retirement is up to you and defined by the choices you make today. So save to make it a good one.

THE NUMBERS: HOW SMALL STEPS EQUATE TO BIG RESULTS

I know that some of you are wondering how you'll ever save enough. Let's assume that you are willing to save \$100 a month. If you just saved \$100 per month and invested it with a good return (10%), it would become \$50,000 in 16.5 years! And in 22.5 years, you would have \$100,000. You will get to real money in 37.5 years with \$500,000 and after 44 years, you would have \$1million. Amazing. So, if you are young, start right away. It is powerful to know that by saving \$100 month after month you can have \$1 million!

This is why it is wonderful if you start early! You can actually save modestly and still end up saving \$1 million. But what if you waited and started later? Well, hopefully you are working in a role that pays more. Maybe you could save \$500 per month (or even more!). In that case you will find that you can end up with \$100,000 in just under 10 years. That's still great.

In both cases you can see that starting early and saving more really pays off.

CONSISTENT SAVINGS INSPIRES CONFIDENCE AND VALUABLE LEADERSHIP

Saving regularly, just as any new behavior or practice does, takes time and repetition to become habit. This means that you will have to repeat it consistently for many months for it to become the norm. Now is the time to quit making excuses for not saving, and once you begin, resist each temptation to stop saving.

You will be better off. A few of those nagging tensions regarding your financial future will dissipate.

The first thing that you have to look at when you are trying to find money to save is what you are actually spending money on. No, I

am not suggesting a draconian life, where you never buy a new blouse or go to dinner. But, you need to understand the rippling effect that your spending has on the long-run and the trade-offs of your purchasing decisions. Jonathan Clements affirms this in an article he wrote for the Wall Street Journal by stating, "Sure, it might be nice to purchase everything that catches your fancy. But nobody has unlimited wealth, so a focus on endless consumption inevitably results not in happiness, but in frustration and financial stress." It may be that many of your purchases do not bring you happiness or confidence in the long run. Jonathan goes on to say, "A far more worthy goal, I believe, is eliminating the anxiety that comes with managing money. You want to reach that sweet spot where you feel your finances are under control, no matter what your standard of living and level of wealth."¹

By the way, most people look at their large expenses and realize these are difficult to change, such as the cost of a mortgage. But look at your smaller expenses too! This is usually where people overspend. The GE Center calculated what it costs you to spend on these "little" things over a long period of 30 years. They used 8% as a conservative return estimate if you had saved instead of spent. Are you ready to see the trade-off? If you buy coffee daily, the cost over 30 years is \$29,454! Wow! If you buy lunch daily, the average cost over 30 years to your savings is \$147,268! Oh my! If you dine out once per week, the cost is \$176,722. If you drink 1 glass of wine out per week, the cost is \$41,235. These are big numbers. Now, I am not suggesting that you never eat out, buy coffee, have lunch out or go out and have a glass of wine. But try looking at how often you are doing it. Many working people today buy coffee twice a day, in the morning and in the afternoon. What if you cut back and decided to purchase coffee only twice a week? Save them for "reward" days.²

If you are able to save consistently and watch that balance grow, you may find yourself with a little less stress and a bit more confidence. And, you will naturally become an encouraging leader, teaching others to save.

A WORD TO THOSE WHO ARE STUCK

So many people (men and women alike) become paralyzed when faced with money situations. They may shut down, avoiding decision-making completely and failing to take action. This is a normal response. However, you will feel more in control and happier just by starting to save. Start small. Save a little the first month and a little more the next. Each step you take will give you the confidence to do more. If you need help or accountability to get started--seek it. But act. It is the key to moving forward. There are some tips in the next section to help you get started. And by just beginning to save, you will walk taller and show more confidence.

Always pay yourself first! You will never save if you wait to see what you have left. But, if you take the money out of your checking account first, you will naturally adjust through the month and in the end won't miss it. There are programs that will automatically make transfers for you on each pay day and wise savers (and wise leaders) will take advantage of them.

Definitely participate in any company retirement plan that is available to you. These have multiple benefits. You will likely get to use pre-tax money. You will probably not notice a big difference in your total paycheck. And, often your company will match your contribution up to a certain amount. This is free money!!! Definitely make sure that you take advantage of this saving opportunity because your efforts will be doubled.

Start slow and grow. If you absolutely feel you can't start saving 10%, start by saving 1%. The next month, save 2%. Increase slowly over time to reach your goal. Along the way, you will be practicing saving and building up a good nest egg.

After you have had some success, make sure to stick with it! Do not allow yourself to skip savings. This level of mastery will allow you to be more relaxed and confident. And, it will let you be a natural leader for those around you.

Now that we have the inside scoop on how important savings is to creating wealth, we need to know what to do with those assets. We will tackle that issue in the next few entries. Please watch for:

- Asset Allocation: Savvy investors know this is the crucial investment decision.
- Importance of Diversification: Strong leaders know better than to put all their eggs in one basket.
- Women leaders have the confidence to stay the course in investments as well as strategic plans.
- Effective leaders know when and how to delegate: Finding a financial advisor.

The author is passionate about people both learning to make smart investment decisions and getting appropriate guidance in those decisions. You can learn more about Janice here: <http://www.hewinsfinancial.com/ourteam-janice.html>.

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