Women and wealth: A planning workbook

Connect your money, your story, your life

WEALTH **INSIGHTS**

Analysis and insights into the trends, forces
and factors shaping the world and your wealth

Wealth
Management

A workbook for you

Women have emerged as an economic powerhouse—earning, controlling and inheriting more wealth than ever before. Research shows women in the United States now control 52% of wealth, which is expected to continue to grow to an estimated two-thirds by 2030. With this wealth comes more financial responsibility and complexity, often intertwined with juggling careers, caregiving and life's transitions.

This workbook is a practical guide to help you think comprehensively about your financial health and identify actionable steps you can take to build more confidence in your plans for tomorrow. In these pages, you'll find strategies designed to help you grow, manage and protect your wealth. We've also included several practical worksheets you can use to create your own financial story:

Women reach new heights

Whether by choice or by circumstance, women are increasingly in roles where they must be responsible for their long-term financial security. In fact, the vast majority of women will be in charge of their family finances at some point in their lives by choosing to remain single, experiencing divorce or simply living longer than men.

Women face unique challenges that underscore the need for wealth planning.

- Women have a longer average lifespan and may need to plan for longer retirements and greater health care expenses.
- While women have high expectations for their careers and financial lives, a lack of financial confidence can undermine their wealth plan.
- When it comes to managing investments, only 52% of women say they are confident compared to 68% of men—even when they post the same financial literacy scores.[1]
- Women recognize the need for more financial help, yet often fail to make it a priority in their busy lives.

Financial security begins with a plan.

A financial advisor you trust, and a plan that you create together, can help you accomplish your financial priorities—and move toward your vision of the future with confidence.

Ensuring the financial empowerment of women

Whether they're building a career, working inside the home, partnered, married, divorced, widowed or solo, it's important for women to take an active role in their financial lives.

At RBC Wealth Management, we are committed to delivering insights that educate, equip and engage you on your financial journey.

Know your money mindset

Money plays into all aspects of a person's life. It is woven into the fabric of your relationships, dreams, fears, successes, failures and struggles. How you feel about money is shaped by your personal experiences and by those who have influenced you in life: parents, grandparents, spouse, friends, teachers and more.

Identify your money script

According to financial psychologist Dr. Brad Klontz, we develop one of four main "money scripts," or money personalities that drive financial behavior throughout our lives.

Which money script do you most identify with?

Money reverence

These individuals are convinced that more money will solve all of their problems and that money brings power and happiness.

Money status

These individuals believe that owning the newest and best things confers status.

Money avoidance

People with this trait believe that money is bad, that wealthy people are greedy and that they don't deserve money.

Money vigilance

People with this trait embrace frugality, are committed to saving and are discreet about how much they have or make.

Create your own money mantra

A money mantra is a personal motto you can repeat over and over again to help create new, healthier money scripts. It's a powerful way to remind yourself to make better financial choices at every opportunity.

Worksheet 1

What is your personal money story?

Think through your history, influences and experiences that have formed your personal relationship with money.

My influences

Who has been most influential in your financial journey and why?

My memories

What are some of your earliest memories of money?

Positive:

Negative:

My scripts

What are some of your conscious and unconscious beliefs about money? How would you change them?

Today:

Tomorrow:

Special considerations

While women are rewriting their stories in their 30s, 40s, 50s and beyond, they face unique financial circumstances that require special consideration in the wealth planning process.

Women take on a multitude of roles over their lifetime. Women are leading Fortune 500 companies, winning top political posts, owning successful businesses and enjoying more career choices than ever before. At the same time, many women find their role at home equally demanding as they take on parenting, caretaking and volunteering while juggling household responsibilities.

Understanding the demands on your time and the financial implications of life's transitions will help you focus on what is most important and better prepare you for the unexpected.

What roles do you play? Check all the boxes on these pages that apply to your situation.

☐ Partner/spouse

Women are waiting longer to get married, accumulating their own wealth and developing financial independence. As financial households tie the knot, it is important to discuss how your wealth will be integrated and managed and how financial decisions will be made. Subsequent marriages and the blending of families come with additional complexity.

☐ Breadwinner

Women are more educated, earning more and increasingly are the sole or primary breadwinner. Also, the share of women who earn more than their husbands continues to grow. As your career and earnings grow, maintaining a healthy life-wealth balance is important.

Changing demographics have reshaped the American family. Today, the majority of households fall into the nontraditional category and have a unique set of circumstances that require tailored advice.

- **SOLO LIVING**
  Nearly 30 percent of American households are now headed by single adults.[2] Single adults, whether by choice or through the death or divorce of a spouse or partner, have one thing in common: the fallback position or safety net of a second income is often nonexistent.

- **BLENDED FAMILIES**
  Blended families represent the largest number of nontraditional households. Along with children, remarried spouses typically bring financial responsibilities from past relationships. Learning how to manage multiple financial responsibilities from previous relationships is the key to family harmony.

- **SAME-SEX HOUSEHOLDS**
  Marriage equality has simplified finances, giving same-sex couples the ability to file joint tax returns, list partners on health insurance and ensure a spouse's interests are protected in the event of death. But many laws affecting same-sex couples are state-specific, so when it comes to finances, it's wise to work with professionals who specialize in estate planning for same-sex couples.

Caregiving is a selfless act that takes a mental, physical and emotional toll. The majority of caregivers are women, and on average they spend $7,000 annually in out-of-pocket expenses in addition to having to take time off from their jobs to care for a family member.[3]

☐ Caregiver

Women still take on the majority of the family caregiving, which often extends into caring for aging parents while still supporting young adult children. That further impacts a woman's career and finances.

☐ Business owner

Women are enjoying great success as entrepreneurs and business owners. Along with the allure of independence and flexibility comes additional financial complexity. Thinking through the role that your business plays in achieving your lifestyle and long-term goals is an important step.

☐ Parent

Kids are expensive and time-consuming. On average, you can expect to spend nearly $250,000 on raising a child through age 17, and that does not include the escalating cost of college. Stay-at-home moms are especially impacted. Raising children continues to contribute to career gaps for women that can result in lower retirement saving and Social Security benefits.

☐ Household executive

While household executive power has balanced out some, studies show that working women continue to perform the majority of household and child care responsibilities. Busy couples tend to divide and conquer, with financial responsibilities often divided or relinquished to one spouse. It is important to be an active participant in your financial life.

- **MULTIGENERATIONAL FAMILIES**
  More generations are living together in the same household than ever before. Multigenerational planning brings its own challenges. Multigenerational families' needs are vast and varied, but to avoid conflict over who pays for what, it's essential for households with multiple adult generations to talk frankly about shared financial responsibilities and to communicate openly about money.

- **DIVORCED**
  Overall divorce rates are down, but gray divorce (age 50+) is at an all-time high, according to multiple studies. Navigating the emotional and financial implications of divorce is challenging at best, with additional complexity as you age and your wealth grows.

- **WIDOWED**
  Women statistically live longer and are much more likely to be widowed; age 59 is the median age of when a woman loses her spouse.[4] Having a wealth plan can help provide peace of mind during a difficult time.

Life planning

Holistic approach for life's journey

Reaching your destination requires a holistic approach to your financial life. Where you focus often depends on your life stage. It may require you to make trade-offs in your priorities. It is important to be proactive about your long-term well-being, no matter your age or wealth. At RBC Wealth Management, we believe financial wellness requires a wealth plan that always addresses each of these key financial pillars:

Your focus in this workbook will depend on your life stage. We address these life stages as:

- Working toward tomorrow
- Approaching retirement
- Thriving in your encore years

Accumulate and grow your wealth

From having an emergency fund to developing various ways to save for the future, it's important to focus on achieving long-term wealth. As you step through life's stages, there will be opportunities to accelerate wealth building through events such as home ownership, inheritance, liquidation events and income spikes.

Fund your lifestyle today and tomorrow

How you think about spending needs today versus in the future plays into lifestyle choices. Planning ahead to help ensure your essential needs are covered is a top priority. This requires a view into the future and understanding the impact of the market, inflation, taxes, interest rates and other risks that might impact your plan and how the impact changes as you age.

Protect what is important to you

Protecting your family and your wealth during your working years is foundational to sustaining wealth. As you age and your wealth grows, it is important to revisit the purpose and amount of coverage for your protection strategies, as well as explore other important considerations, including protecting your wealth for the next generation.

Create a lasting legacy

Tackling estate essentials is an important step that everyone should prioritize, regardless of age or wealth. Establishing key estate documents, including a current health care directive, will and power of attorney, are important first steps. Ensuring your assets are properly titled and beneficiary designations are current is a vital part of any basic estate plan.

Worksheet 2

Understand your starting point

As you start to plan, begin with your expectations for your future, layer in your concerns and then prioritize your goals.

My expectations

What expectations do you have for your future as you visualize it today?

- ☐ Active lifestyle
- ☐ Quiet lifestyle
- ☐ Opportunity to help others
- ☐ Financial freedom
- ☐ Second career
- ☐ ____________________
- ☐ Work by choice
- ☐ Time to travel
- ☐ Caregiving
- ☐ Retirement
- ☐ ____________________
- ☐ ____________________

My concerns

What concerns do you have as you think about your future plans?

- ☐ Not having a paycheck
- ☐ Running out of money
- ☐ Suffering investment losses
- ☐ Health care or long-term care costs
- ☐ Dying early
- ☐ Living too long
- ☐ ____________________
- ☐ ____________________
- ☐ ____________________

Be specific about your expectations, concerns and goals. Also, you may wish to add dates to your goals.

My goals

Goals can be categorized as needs, wants and wishes.

Needs

- ☐ Health care
- ☐ Funding your lifestyle
- ☐ Home repair
- ☐ ____________________
- ☐ ____________________

Wants

- ☐ College
- ☐ New car
- ☐ Travel
- ☐ ____________________
- ☐ ____________________

Wishes

- ☐ Start a business
- ☐ Major purchase
- ☐ Gift or donation
- ☐ ____________________
- ☐ ____________________

Establishing your spending plan

Do you wonder where your money goes each month? Does it seem like you're never able to get ahead? If so, you may want to establish a spending plan to track how you spend your money—and to help you reach your financial goals.

☑ Take Action

☐ **Be flexible**
Spending plans that are too rigid often fail.

☐ **Stay disciplined**
Commit to making budgeting a part of your daily routine.

☐ **Involve the entire family**
Agree on a spending plan and meet regularly to monitor your progress.

1. Examine your financial goals

Before you create a spending plan, examine your financial goals on the previous page. Start by making a list of your short-term goals (new car or a vacation) and your long-term goals (saving for your child's college education or retirement). Next, ask yourself: How important is it for me to achieve this goal? How much will I need to save? Armed with a clear picture of your goals, you can work toward establishing a spending plan that can help you reach them.

2. Identify your current monthly income and expenses

First, add up all of your income. In addition to your salary and wages, include any other source of income, such as dividends, interest or child support. Next, add up your expenses. To see where you have a choice in your spending, it helps to divide them into two categories: fixed expenses, including housing, food, clothing, taxes and transportation, and discretionary expenses, such as entertainment, vacations and hobbies. To make sure that you're not forgetting about any out-of-pattern expenses, look through your canceled checks, credit card bills and other receipts from the past year.

To develop a budget that is appropriate for your lifestyle, you'll need to track your current monthly income, savings and spending.

3. Evaluate your spending plan

Once you've added up all of your income and expenses, compare the two totals. If you spend less than you earn, you're on the right track. But if you find yourself spending more than you earn, you'll need to make some adjustments. Review your expenses and cut down on discretionary spending. With determination and self-discipline, you'll eventually find the right balance between spending and saving.

4. Monitor your plan

You'll need to monitor your budget periodically and make changes when necessary. You needn't track every penny that you spend; the less record keeping you have to do, the easier it will be to stick to your budget.

Worksheet 3

Create your 50/30/20 spending plan

A strategy to help you plan for must-haves, wants, and savings or emergency funds.

Start

Your total monthly income after taxes, deductions and contributions to your retirement and health savings plans

$ ______________

To get started, simply add up your total household income, including:

- Your income (after taxes)
- Your spouse or partner's income (after taxes)
- Any other sources of income, like child support or alimony

50%

Amount you should spend on must-haves (monthly income x .5)

$ ______________

The biggest piece—the 50% piece—goes toward all of your basic necessities. This is must-have stuff, including:

- Rent/mortgage payments/utilities
- Insurance
- Transportation expenses
- Groceries
- Child care/tuition
- Internet and mobile
- Minimum credit card payment(s)
- Student loan payment(s)
- Car payment(s)
- Taxes

30%

Amount you should spend on wants (monthly income x .3)

$ ______________

The 30% piece goes toward all the extras—"wants" that are nice, but not essential:

- Cable TV
- Vacations
- Dining out
- Non-essential clothing purchases
- Hobbies
- Magazines
- Music and movie subscriptions
- Gym memberships
- Charitable gifts

20%

Amount you have left to devote to savings/debt (monthly income x .2)

$ ______________

The 20% that's left over goes to you in your savings account or emergency fund. You can also use it to make an extra payment on a credit card or student loan or to:

- Add money to an emergency fund
- Increase your retirement savings
- Make extra payments on must-have items
- Save for a major purchase or adventure

Based on the Fair Credit Reporting Act, you can request a free copy of your credit report every 12 months at AnnualCreditReport.com, or call (877) 322-8228. Check your report to make sure that the information is correct, that no one is fraudulently listed on your report and that all accounts listed are actually yours, since mistakes can happen.

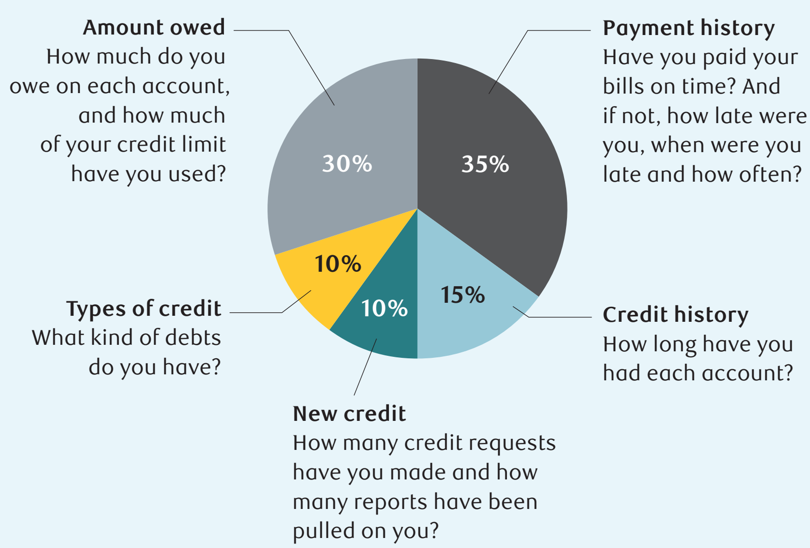
Know your score

Your credit score is one of the most important aspects of your financial life. Good credit scores can unlock many savings and benefits, including access to loans and credit cards with the most favorable terms.

Understand how your credit score is determined

Your credit score reflects your payment history on loans and credit cards, how much revolving credit you regularly use, how long you've had accounts open, the types of accounts you have and how often you apply for new credit.

Most credit scores fall between 600 and 750; scores above 800 are considered excellent. And while the major credit agencies each report information differently, all reports contain your Social Security number, date of birth and employment information.



☑ Take Action

- ☐ **Do you always pay your bills on time?** Not just credit card bills but all loans, rent, utilities, etc?
- ☐ **Do you apply for and open new credit accounts only as needed?** Unnecessary credit can harm your credit score, from creating too many inquiries on your credit report to tempting you to overspend.
- ☐ **Do you know your credit score?** Request a copy of your credit report and dispute any errors on it—even the small ones.

Rock-solid pieces of financial advice that everyone should strive to follow:

Save money for an emergency fund. Pay down your debt. Don't spend more than can you afford. And strive to keep your credit scores as high as possible.

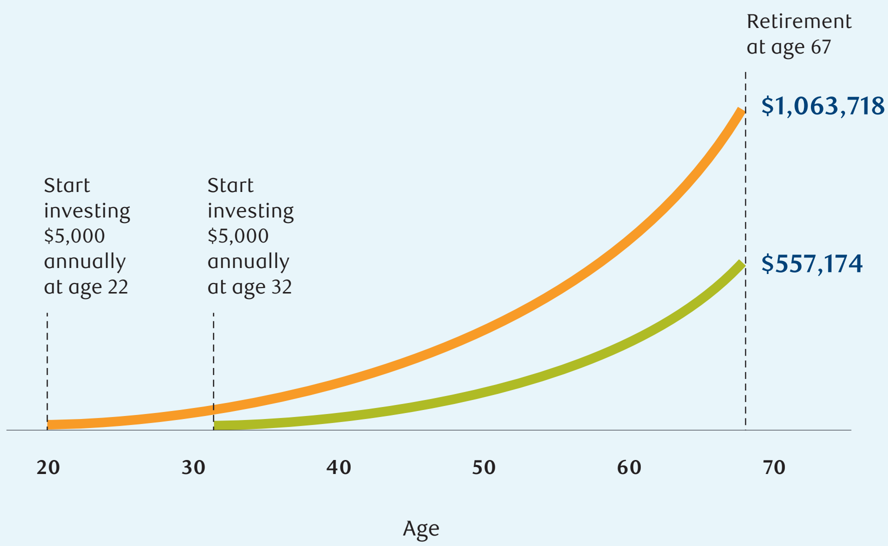
Keep in mind that loans can actually help you build wealth through events like purchasing a home (and benefiting from rising property values) or starting a business.

Strategic saving

Saving and investing for long-term goals like retirement may seem daunting. Yet by taking a systematic approach and following several best practices, your retirement savings can grow strategically over time.

Use the power of compound interest

Albert Einstein once noted that the most powerful force in the universe is the principle of compounding. Think of it as earning interest on interest, which can help wealth snowball. Here the investor who started saving 10 years earlier would have about $500,000 more at retirement.



For illustration purposes only. Individual results will vary.

☑ Take Action

☐ **Do you know your retirement numbers?** Take time to set a goal and monitor your progress.

☐ **Have you started to save for retirement?** Look at maxing out your employer retirement plans and take advantage of your employer's 401(k) matching contributions.

☐ **Are you age 50 or older?** If you are over age 50, you can take advantage of catch-up contributions in your tax-advantaged accounts, such as your 401(k), IRAs and Health Savings Account, to boost your savings.

☐ **Are your assets diversified?** Asset allocation—the way you divide your portfolio among asset classes—is the first thing you should consider when getting ready to purchase investments, because it has the biggest effect on the way your portfolio will act.

☐ **Have you considered the benefits of a Roth IRA or 401(k)?** Traditional IRA contributions are tax-deductible for the year you make the contribution, with withdrawals in retirement taxed at ordinary income tax rates. In contrast, a Roth IRA provides no tax break for contributions, but earnings and withdrawals are tax-free.

How much do you need to save for retirement? It's one of the most common questions people have.

☑ Take Action

- ☐ **Are you saving enough?** Saving 15% of your income annually can put you on track to meet important financial milestones.

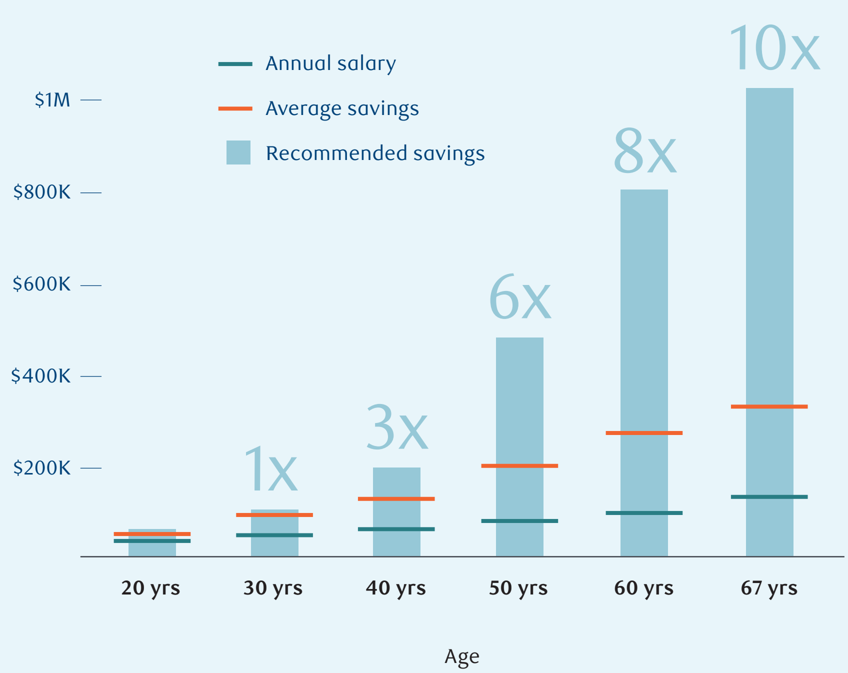
- ☐ **Is your retirement date flexible?** The longer you work, the more your savings can grow.

Milestone saving

The age you plan to retire will have a big impact on the amount you need to save, and your milestones along the way. Don't be discouraged if you aren't at your nearest milestone—there are ways to catch up through planning and saving. The key is to take action, and the earlier the better.

Save "x" your starting salary

The following age-based savings factors can help you plan, and save enough to maintain your lifestyle in retirement. To help you stay on track, we suggest these age-based milestones: Aim to have at least 1x your annual income saved by age 30, 3x by 40, 6x by 50, and 8x by 60.



The rule of 72: The power of compound interest

The rule of 72 is a simple equation to determine approximately how long it will take for an investment to double in value given a fixed interest rate. Just divide 72 by your interest rate.

For example: If you invest money at a 10% return, you will double your money every 7.2 years.

72 ÷ 10 = 7.2 years

Try this equation using your investment's interest rate. Note that this equation also works for inflation.

Worksheet 4

Estimate retirement expenses

Calculate the total savings you may need to cover your expenses in retirement.

Estimate how much you may need to save:

A. Enter your current annual household income in Box A.

B. Review **Table 1** and select the number of years until your retirement. Next, select the percentage you estimate that your annual income will increase and find the factor associated with these two numbers. **Multiply Box A by this factor** and write your answer in Box B.

C. Typically, retirees spend 70–80% of pre-retirement income to maintain their standard of living. **Multiply Box B by 0.75** and write the answer in Box C.

D. Review **Table 2** and select how many years you anticipate living in retirement. Next, choose the percentage that best reflects your anticipated return on investments during retirement. **Multiply this factor by Box C** and write the answer in Box D.

E. Typically, Social Security benefits fund 30–40% of retirement income. The other 60–70% of income will need to come from retirement savings. **Multiply Box D by 0.60*** and write the answer in Box E.

Table 1

Years to retirement	Anticipated increase in income, annually		
	2%	4%	6%
5	1.11	1.22	1.34
10	1.22	1.48	1.79
15	1.35	1.80	2.40
20	1.49	2.19	3.21
25	1.64	2.67	4.29
30	1.81	3.24	5.74
35	2.00	3.95	7.69
40	2.21	4.80	10.29
45	2.44	5.84	13.77

The Department of Labor assumes an income growth rate of 4% as of 2023. To base your growth factor on approximately this rate, choose a factor in the 4% column.

Table 2

Years in retirement	Anticipated return on investments during retirement		
	6%	8%	10%
15	7.3601	6.7101	6.1446
20	11.4699	9.8181	8.5136
25	12.7834	10.6748	9.0770
30	13.7648	11.2578	9.4269

Experts say that a man who is 65 years old today has a life expectancy of 18 years, while a woman of the same age can expect to live about 20 more years. These averages are expected to increase.

Fill in your answers:

A.

(As an example: $100,000)

B.

Your projected annual salary just prior to retirement. See Table 1. ($100,000 x 2.67 = $267,000)

C.

Estimated income you will need annually during your retirement to maintain your current standard of living. ($267,000 x 0.75 = $200,250)

D.

Estimated total amount you will need to fund your retirement. See Table 2. ($200,250 x 10.6748 = $2,137,629)

E.

Estimated total amount you may need to fund your retirement income (does not include Social Security benefit). ($2,137,629 X 0.60 = $1,282,577)

*You may want to calculate your total using different assumptions and compare the results.

Don't let market volatility distract from your goals.

☑ Take Action

☐ **Are you investing for the long haul?** Time in the market is a much better strategy than trying to time the market.

☐ **Do you have a ready credit line?** Obtain a credit line to help cover unexpected needs and to avoid having to sell during down markets.

☐ **Do you react to market volatility?** Only react to market movements in the context of your wealth plan and long-term investment goals.

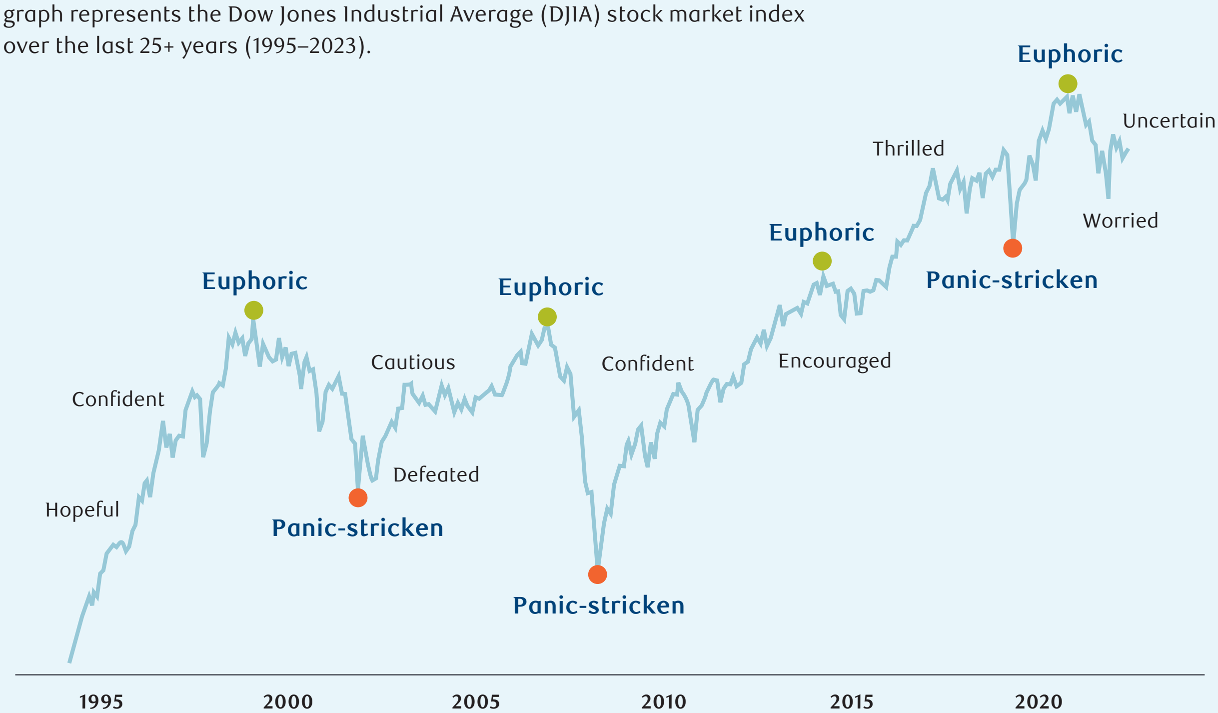
☐ **Do you have a wealth plan?** A plan can help tune out the noise and keep you focused on your goals in any environment.

Managing the risk in your plan

Over the long haul, stocks historically provide attractive wealth-building opportunities. But in the short term, stocks can be volatile, causing some investors to make emotional decisions that undermine their investment strategy. That's why it's important to have a wealth plan that can guide you through gyrations and keep you focused on your long-term goals.

Life comes with risk

While markets can rise and dip, you may help weather market volatility through a diversified portfolio and by taking a long-term view. The following graph represents the Dow Jones Industrial Average (DJIA) stock market index over the last 25+ years (1995–2023).



Source: https://www.macrotrends.net/1319/dow-jones-100-year-historical-chart, 2023

According to the U.S. Department of Health and Human Services, one-third of all women who become widowed are younger than age 60, and half of those widowed become so by age 65. In fact, 7 out of 10 female baby boomers can expect to outlive their husbands.

Planning for the unexpected

What if something happened to you or your partner? What impact would that have on your financial well-being? Life insurance is foundational to financial health and well-being. Your ability to contribute to your financial goals and protect your family is vital. It is important to have a protection strategy that is appropriate for today and flexible enough to change over time.

Life moves through stages

As you move through life, it's important to have a protection strategy that reflects your current situation, yet is flexible enough to change over time.

When you're starting out, life insurance can keep your loved ones from having to tackle large financial issues when they may be least equipped to do so.

Near the homestretch, life insurance can safeguard any remaining mortgage on your home, provide income to assist parents or in-laws, finance health care costs or arrange for ongoing care for special needs situations.

Entering the workforce → Career and family → Caring for family, aging parents → Retirement and legacy

As you advance in your career and build a family, it's important to have enough insurance to cover the balance of your mortgage and maintain your family's current lifestyle.

Retirement is a time to be rewarded for your planning and hard work. Protection solutions can provide for ongoing cash flow retirement needs, pay off any remaining debts and leave a legacy.

☑ Take Action

- ☐ **Do you have insights into your life expectancy?** Use your health history, including your gender, family and lifestyle, to inform projected life expectancy.
- ☐ **Does anyone rely on your income for their financial wellbeing?** If you answered yes, you probably need life insurance. If you're a business owner, life insurance can sustain your business should something happen to you or a business partner.
- ☐ **Have you considered the needs of your spouse, partner, children and other dependents?** Model multiple scenarios, and include a survivor plan that addresses the needs of all dependents.
- ☐ **Could you pay the bills if you're out of work?** Disability insurance can help support your current standard of living if you're out of work due to a health issue.

Four types of coverage everyone should consider, in addition to life insurance:

- **Health:** Young and healthy people should consider high deductible plans and a Health Savings Account.
- **Property and casualty:** Covers your car, home and belongings. Umbrella insurance is important as your wealth grows.
- **Disability:** Replaces your income if you are disabled or can no longer work at your job.
- **Long-term care:** Helps cover the cost of care if you have a chronic medical condition or a disorder like Alzheimer's disease.

Women live
5 years
longer than men on average[5]

Women make up
70%
of nursing home residents[6]

Women are
80%
more likely to be impoverished after age 65[7]

☑ Take Action

☐ **Have you planned ahead—especially when there's family history of longevity?** Have key legal documents in place, including a power of attorney, health care directive and will.

☐ **Do you have a plan for long-term care funding?** Work with an advisor to identify all income sources, including benefits, disability payments, Social Security and pensions.

The longevity bonus

Americans are living longer, healthier lives. That's great news. Then again, you may need to fund up to 30 years in retirement. One of the more important projections for your plan is the length of your retirement. While this requires an estimate, it is important to quantify a realistic number.

Plan for long life

Several gender-related factors that are unique to women will impact not only the length of your retirement, but also the need to plan individually for your care in later years. On average, a woman is younger than her male spouse, adding to the life expectancy gap for couples and extending their joint longevity for 5+ years.

Life expectancy in America has increased steadily over the past several years. For example, for a 65-year-old couple there's a 50% chance that one of them will live to age 94.[8]

	65-year old man	65-year old woman	65-year old couple Likelihood one spouse reaches age...
50% chance >	87 years	90 years	94 years
25% chance >	92 years	96 years	98 years

Gender differences

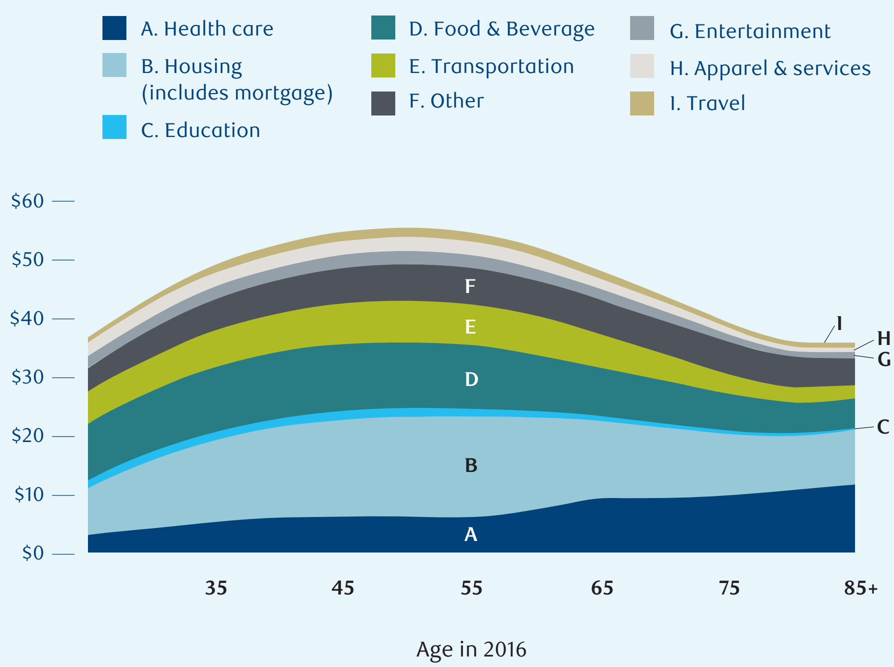
Because end-of-life care is expensive and women are typically the survivor, increased longevity has a disproportionate impact on them. Due to this "survivor factor," not only are they more likely to experience a long-term care event, but the length of stay is typically longer, adding to the overall cost of care. According to the Alzheimer's Association, women are also at increased risk of dementia and Alzheimer's requiring memory care, which further contributes to this increased cost.

Spending patterns in retirement

Meeting your financial needs in retirement starts with envisioning your goals and projecting related expenses. Understanding how your expenses change over time is important to long-term planning.

Projecting age-banded retirement spending by category

Balancing the many moving parts of living expenses over 30-odd years requires ongoing short- and long-term planning.[9]



☑ Take Action

- ☐ **Have you calculated your monthly expenses?** Keep track of your expenses and assess what that means over one year.
- ☐ **Do you have a back-up plan?** A line of credit can provide flexibility in your spending needs.
- ☐ **Are you still living in the home where you raised your kids?** Consider whether the costs to maintain your home—and property taxes—are worth it.
- ☐ **Are you still supporting your adult children?** It may be wise to stop paying their bills once you are retired.

Notes:

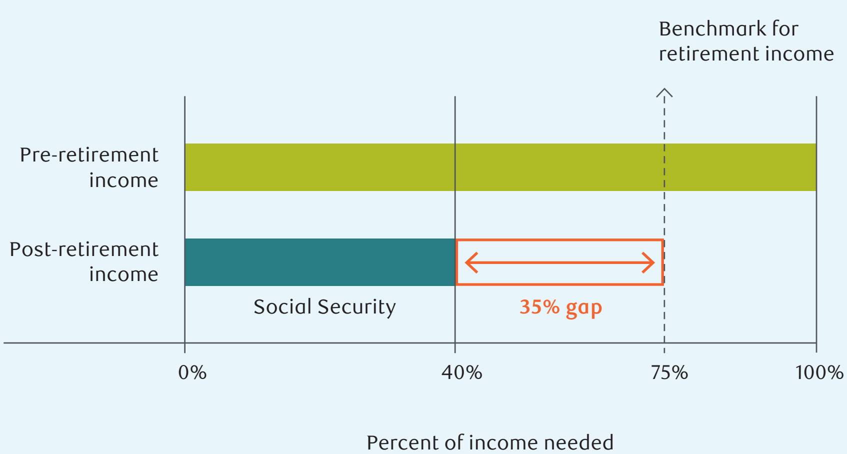
You will likely need 70–80% of the annual income you made just prior to your retirement to meet your needs annually.

Strategic income planning

A major consideration for your future is the eventual end of a regular paycheck. Funding your lifestyle in retirement will likely require you to manage income from multiple sources—with many factors and trade-offs that need to be considered.

Filling the income gap

As concerning as it might be to discover a retirement income gap, knowing it's there is the first step in closing it—usually by increasing your income and assets, reducing retirement spending, or both.



For illustration purposes only.

☑ Take Action

☐ **Have you developed an income plan?** Create a plan for drawing income from your savings so it can last throughout your retirement.

☐ **Have you considered a Roth conversion?** Converting from a traditional IRA to a Roth IRA may help you save on taxes over time and provide more flexibility in retirement planning.

☐ **Do you invest with an eye on inflation?** One way to make sure your nest egg keeps up with the cost of living is to remain invested in stocks. That can make for a bumpy ride over the short term, but over the long haul stocks' upward trend makes them a hedge against inflation.

☐ **Are you aware that delaying Social Security benefits translates into higher benefits?** For every year you wait to take Social Security beyond your full retirement age until age 70, your benefit increases by 8%.

Notes:

☑ **Take Action**

☐ **Do you have a plan for claiming Social Security?** Work through multiple scenarios with your financial advisor prior to claiming Social Security.

☐ **Do you know what impacts your benefits?** The two most important factors are earned income and claiming age.

☐ **Do you qualify for a spousal benefit?** This is relevant if you are divorced, have a survivor benefit or are widowed.

Social Security strategy

Social Security retirement benefits represent a major source of a retiree's income. Making the most of the program requires taking care to maximize the benefit in a tax-efficient manner.

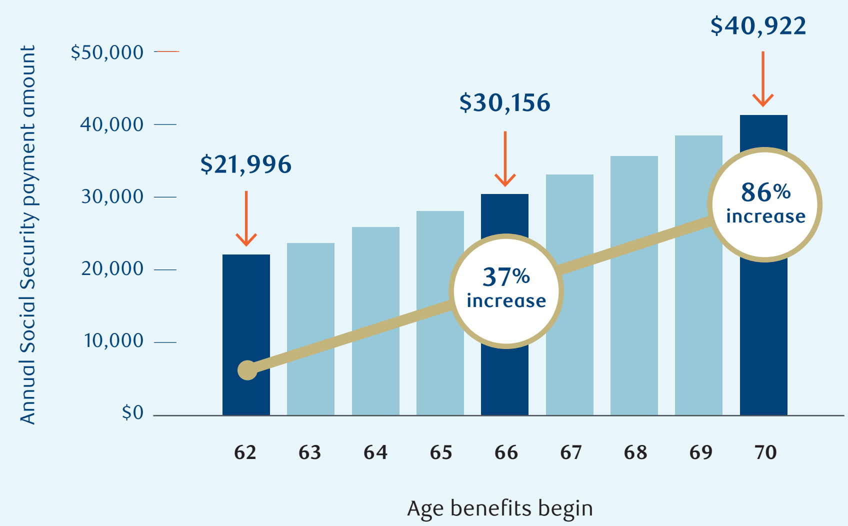
If you are healthy and have adequate savings and investments, your best strategy may be to wait as long as possible before claiming Social Security (see chart at right). You receive an 8% credit for each year past full retirement age (FRA) that you delay claiming benefits. You can compute the impact of early or late retirement via Social Security Online at www.ssa.gov.

Social Security is especially important for women, because women tend to earn less than men, take time out from work to raise kids or care for a parent, live longer and accumulate less savings.

The good news is that women benefit from Social Security's inflation-protected benefits (because they tend to live longer than men), its progressive formula for computing benefits (because they tend to have lower earnings), and its benefits for spouses and survivors.

How does working in retirement affect benefits?

It depends on your full retirement age (FRA) and earnings. At right is an example of the earnings limits for the year 2022:



Social Security payments calculated using the Quick Calculator on the ssa.gov website. This assumes an individual who is currently age 62 in 2016 (with a full retirement age of 66) who is continuing to work and earning $120,000 each year. All figures reflect current dollars. Assume lives to age 95. Actual benefits would be higher to reflect future adjustments for inflation.

For illustration purposes only.

If you are under your FRA for the entire year:	Once you reach the year of your FRA, the limit for the months prior:	Once you reach your FRA:
$19,560	$51,960	No limit
Benefits withheld: $1 for every $2 over the limit	Benefits withheld: $1 for every $3 over the limit	Benefits withheld: None

Higher earners pay up to 80% of the cost of their Medicare Parts B and D benefits.

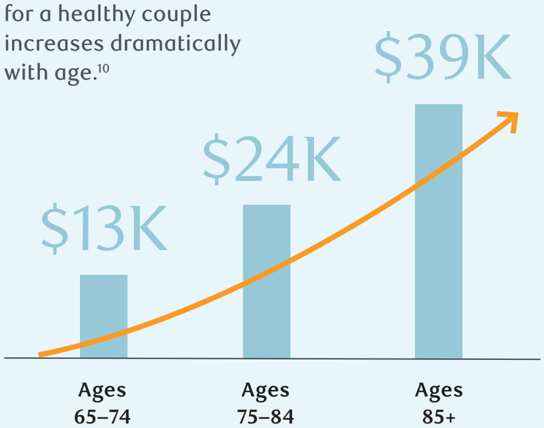
Health care in retirement

Increased longevity and rising costs have combined to make funding health care a major concern for most Americans.

Exponential expense growth

The rise in the cost of care as you age is pronounced at each stage along the way. This can be discouraging for those in the middle of their working life, as expense projections compound into some truly daunting numbers.

Average annual spending on health care for a healthy couple increases dramatically with age.[10]



$404,253

Projected lifetime cost of care for a healthy 65-year-old couple[11]

☑ Take Action

- ☐ **Do you know your Medicare options?** Identify your options and gaps within Medicare and the impact those may have.
- ☐ **Do you know how different sources of income impact your benefits?** Multiple sources of income may impact your benefits differently.
- ☐ **Have you factored health care expenses into your plan?** Health care is the second largest expense in retirement.
- ☐ **Are you making the most of your Health Savings Account?** By contributing the maximum annual amount, and investing the balance, you can accumulate a significant tax-free reserve to fund future health care costs.

Notes:

$7,000
Average annual out-of-pocket costs for caregivers

75%
of family caregivers are female[12]

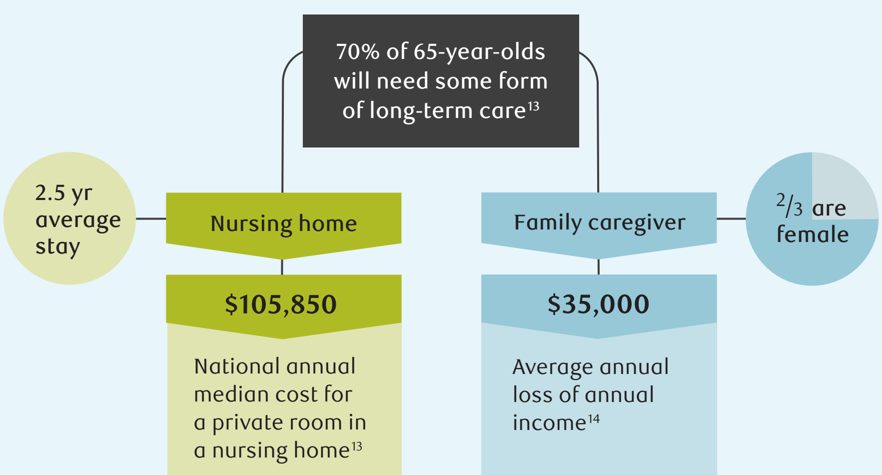
Planning for the cost of care

Despite the many unknowns about potential care needs in the future, the proactive choices that you make today can protect your health and wealth.

As women are often the caregivers for their male spouse and then widowed prior to their own decline, it is important to address specific care preferences and to include these costs in your health care planning. Having been caregivers, women are also more sensitive to becoming a burden to their family in late-stage life.

The real cost of care

Dementia is the most expensive disease in the United States because patients need constant care and supervision. It can also lead to financial missteps—and make people with dementia targets of fraud and abuse.



☑ Take Action

- ☐ **Do you have a plan for long-term care funding?** Work with your financial advisor to identify all income sources, benefits, disability payments, etc.
- ☐ **Do you have a survivor plan?** Women will likely need a plan that survives their spouse and considers their health care preferences.
- ☐ **Does your long-term care plan cover the costs associated with diminished capacity?** According to the Alzheimer's Association, 33% of Americans age 85 and older suffer from Alzheimer's disease.

Notes:

Tackling estate planning essentials is an important step that everyone should prioritize.

Legacy

Formalizing your legacy plan can help ensure you achieve the impact you desire and better meet the needs of your family and the causes you support, while giving in a tax-efficient manner.

Create a lasting legacy

- Establish key estate documents, including a current healthcare directive, will and power of attorney
- Ensure your assets are properly titled and beneficiary designations are current
- Consider survivor planning, estate and gift tax planning, trust structures and trustee services

Notes:

☑ **Take Action**

☐ **Have you started investing in your legacy?** Be proactive and invest early to ensure your lasting legacy.

☐ **Do you have a value system, purpose and desired impact for your wealth?** Discussing this with your family and advisor will help keep your legacy plan on track.

☐ **Have you put your legacy goals in your wealth plan?** Use your wealth plan to memorialize your legacy goals and wishes.

☐ **Do you know how taxes can impact your legacy plan?** There may be tax consequences or benefits to various gifting strategies.

Worksheet 5

Your heartfelt legacy

Your legacy is one of your most important assets. Taking a values-based approach helps ensure that you achieve the impact you desire.

Money, gifts, intellectual capital, your values, and more can all be considerations for your giving plan.

1. My values

What core values are important to you?

2. My gifts

What is your ideal giving plan? How do you expect this to change over time?

3. My legacy

What values do you hope to leave to the next generation?

4. My impact

What impact do you want your legacy to have?

Thriving in every life stage

Use this checklist as a starting point to begin planning.

Key financial pillars	Working toward tomorrow	Approaching retirement	Thriving in your encore years
Accumulate and grow your wealth	☐ Define your goals, plan, save and invest with regular reviews ☐ Have an emergency fund of at least six months of expenses ☐ Max contributions to employer-sponsored retirement plans ☐ Leverage a Roth IRA or Roth 401(k) in your early career years	☐ Align investments, track and rebalance regularly to help offset the impact of inflation ☐ Take advantage of catch-up contributions at age 50+ ☐ Use a Roth conversion to build flexibility and tax diversification into your plan	☐ Understand the probable outcome of your comprehensive wealth plan; review annually ☐ Consider consolidating accounts with one financial provider to simplify your financial life ☐ Use the bucket strategy to restructure your assets into portfolios to meet your near-, intermediate- and long-term needs
Fund your lifestyle today and tomorrow	☐ Monitor spending levels with a set budget and eliminate unproductive debt ☐ Consider deferring the use of HSA dollars to fund your health care expenses in retirement ☐ Model expected retirement expenses into your wealth plan	☐ Create a plan for your retirement paycheck and determine when to start Social Security ☐ Consider an annuity to help manage income and longevity risk ☐ Create a retirement budget to cover your needs, but allow flexibility for your wants	☐ Manage your spending to cover your needs, goals and priorities ☐ Plan ahead for required minimum distributions starting at age 73 ☐ Create your retirement paycheck in a tax-efficient manner and revisit your paycheck strategy annually
Protect what is important to you	☐ Evaluate your options for health, disability and life insurance coverage ☐ Consider property and casualty insurance; as your estate grows, you may need umbrella insurance	☐ Evaluate your need for long-term care coverage ☐ Use credit strategically to manage the impact of the unexpected; establish a credit line before you retire ☐ Re-evaluate your life insurance needs	☐ Enroll promptly in Medicare at age 65 and claim Social Security by age 70 ☐ Avoid selling assets in down markets by using a credit strategy or insurance cash value to supplement income ☐ Discuss your care and caregiving wishes with your family
Create a lasting legacy	☐ Establish a revocable trust, will, health care directive and power of attorney ☐ Check beneficiary designations and that assets are properly titled ☐ Think about a gifting plan that is impactful and aligned to your values	☐ Revisit estate-planning documents, asset titling and beneficiary designations ☐ Use trusts to protect your assets, transfer your wealth and facilitate your estate settlement ☐ Couples should have a plan that considers different scenarios for survivorship; include housing and care needs	☐ Make sure your estate plan is aligned with your wishes and updated ☐ Understand gift and estate tax thresholds and take advantage of wealth transfer exclusions and deductions

Your next chapter

Every successful journey begins with a starting point, a destination and a plan to get there safely.

A goals-based wealth plan is uniquely suited to help you navigate your financial life. Created thoughtfully and managed over time, an RBC WealthPlan enables you to set a course, define milestones, track successes and redirect you should your circumstances change.

A wealth plan can help you:

- Document and prioritize your goals
- Stress-test your goals with scenarios
- Establish proper asset allocation to diversify and minimize investment risk
- Understand outcomes, avoid unnecessary risks, rebalance and chart your progress
- Answer retirement questions with confidence
- Strategically manage your cash flows
- Protect what is important to you and leave a lasting legacy

About Wealth Insights

Your financial journey is informed by both a clear understanding of where you are today and the strategic options that can fuel your tomorrows.

At RBC Wealth Management, we are committed to delivering insights that educate, equip and engage you for that journey.

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