



Tips for Women to Build Financial Independence

Every woman needs to balance her financial past with her financial future

Traditionally, women have been the caretakers of both the older and younger generations of their families. But providing care for family members is becoming increasingly difficult, as doing so may require a leave of absence from work and drain one's bank account.

Such income disruptions greatly affect a woman's ability to save money, plan for retirement, and maintain financial security. In addition, older married women often provide care for their elderly husbands.

But who will help you when you require assistance? Even though younger family members may be more than willing to help, the costs of health care often exceed the amount of disposable income available to the average family. Perhaps, women and their family members need to look toward the future and start the planning process.

Your Planning Process

Every woman needs to balance her financial past with her financial future. By addressing the management of your personal finances as soon as possible, you can avoid disputes and build financial independence.

Here are a few things to think about as you start your financial planning process:

Durable Power of Attorney. This mechanism allows individuals to appoint a trusted relative or friend as a representative in legal and financial matters. The powers granted may be limited or broad in scope, and may vary from state to state. They remain in effect during disability or incompetence – although, in the event of incompetence, a guardian or conservator could revoke them. Some financial institutions are reluctant to

recognize a durable power of attorney, so it is worthwhile to explore any potential problems beforehand.

Revocable and Irrevocable Trusts. A revocable trust allows you to retain control of your property, while delegating the responsibility for daily management to others. This arrangement gives you the flexibility to change the trust in any way, and at any time, as needs and circumstances dictate. As added protection, a revocable trust may remain unfunded as long as you are legally competent. On the other hand, when you reach a certain age and are willing to relinquish ownership of assets altogether, you may wish to consider establishing an irrevocable trust.

Informal Arrangements. You can also informally transfer property to your heirs, in many cases free of gift taxes, in exchange for being taken care of for the rest of your life. This arrangement, however, should be approached with extreme caution. Even with the best of intentions, it is possible that adult children could deplete assets through poor management, divorce, or creditor claims. Once the assets are gone, an aging parent could become dependent on the goodwill and financial circumstances of family members.

Review Your Plans Periodically

It may be necessary to periodically review these arrangements, as needs and circumstances change. You may also wish to consider consulting a qualified financial professional with experience in concerns facing today's women.