

MEN ARE FROM MARS...

The Difference Between
Men and Women
Beyond the Obvious

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BASIC DIFFERENCES

- **EFFECTS OF DIVORCE**
 - Men: Standard of Living Rises
 - Women: Gross Reduction in Available Resources
- **EFFECTS OF DEATH OF SPOUSE**
 - Men: Economic Well Being Increases
 - Women: 13% Live Below the Poverty Level
- **LIFE EXPECTANCY**
 - Men: 75.2 at birth or 17.2 if at 65 years of age
 - Women: 80.4 at birth or 20 if at 65 years of age

EFFECTS OF DIVORCE

- Often occurs during peak earning years
 - Between 45-54 years of age
 - Largest percentage of divorced women are in this age group – 18%
 - Re-entry into the Workforce
 - Result for Women: Reduction in Standard of Living

EFFECTS OF DIVORCE

- What You Can Do
 - Discuss Divorce Decree Requirements
 - Life and Health Insurance Continuation
 - Spousal Support – Spend or Accumulate
 - QDRO's for Retirement Plans
 - Review Plan Requirements and Options
 - IRA Division and Distributions
 - 72(t) Series of Equal Periodic Payments
 - Suggestions to Make Up the Shortfall
 - Financial Adjustments – Spending and Investments

EFFECTS OF DIVORCE

- What You Can Do
 - Follow Up Regarding Changes in Planning
 - Beneficiary Designations
 - ERISA Plans
 - Estate Planning Documents
 - State Law Disinheritance
 - Clear Intent to Benefit
 - Long-term Care Insurance

CLIENTS CONSIDERING REMARRIAGE

- What You Can Do
 - Suggest Prenuptial Agreement
 - Protects Separate Assets
 - Allows Estate Planning Goals to be Achieved
 - Limitations
 - Challenges at Death or Divorce
 - Nursing Home/Medicaid
 - Assist in Compliance with Prenuptial Document
 - Revisit Beneficiary Designations
 - Update Estate Plan
 - Insurance Requirements

DIVORCE

- Decline in Stable Marriages When Entering Retirement Years, As Illness Becomes More Likely, Leads to Increased Costs for Medicare, Medicaid and Private Insurance



EFFECTS OF DEATH OF SPOUSE

- Average Age of Widowhood: 55
- 1/3 of Women over 60 are Widowed
- 60% of Women over 75 (2-1/2 times the percent of Widowed Men)
 - Men's Economic Well-Being Increases
 - Women's Does Not and Instead Declines

EFFECTS OF DEATH OF SPOUSE

- What You Can Do
 - Death in First Marriage Situation
 - Assess Income Needs
 - Asset Protection Over Life Expectancy
 - Favorable IRA Distribution Rules/Creditor Protection
 - Disclaimer if Needs are Met
 - Consider Documents That Determine Beneficiary (Will, Trust, Custodial Agreement)

EFFECTS OF DEATH OF SPOUSE

- What You Can Do
 - Death in Second Marriage Situation
 - Assess Needs if Not Provided for in Spouse's Planning
 - Asset Protection Over Life Expectancy
 - Exercise Spousal Rights/Election (5 Months)
 - Challenges to Prenuptial Agreement (4 Months)

EFFECTS OF DEATH OF SPOUSE

- What You Can Do
 - Death in Any Marital Situation
 - Assess Overall Needs and Options
 - Asset Protection Over Life Expectancy
 - Updates to Estate Planning for Current Situation
 - Involve an Attorney Regarding Tax Considerations and Post Mortem Planning Opportunities



EFFECTS OF LONGEVITY

- Reduced Financial Security in Retirement
 - 13% of Women over 65 Live Below Poverty Level
 - 9 of 10 Women Will Be Responsible for Finances
 - Fewer Resources (Lack of Pensions)
 - More Years in Retirement
 - More Years Outside the Workforce
 - Greater Opportunity to Deplete Assets
 - Greater Odds of Living Alone (Bears Full Costs)
- Reduction in Defined Benefit Plan Availability
 - 80% in 1985 vs. 36% in 2000

EFFECTS OF LONGEVITY

- Increased Likelihood of Nursing Home Stay
 - 44% of Women Over 65 Will Require Nursing Home Stay
 - Lack of Spouse to Provide Care
 - Single Hospital Patients: 2-1/2 Times More Likely to be Discharged to a Nursing Home
 - NH Population: 3 Times More Women than Men
 - Need for LTC Insurance to Lower Risk of Asset Depletion

DIFFERENCES IN RETIREMENT PLANNING

- MEN:
 - Greater Participation
 - Greater Contributions
 - Greater Investment Risk
 - Greater Availability of Pensions
- WOMEN:
 - More Years Outside the Workforce
 - Lower Pay, Participation and Contributions
 - Risk Aversion
 - Even With Equal Account Values, Unequal Distributions

Results of Time Out of the Workforce:

Pension

50%

of what men
receive

**Social
Security**

76%

of what
men
receive

Income

77%

of what men
receive

**Assets in
401(k) Plan**

75%

of women
do not
have

**Life
Insurance**

50%

the amount
that men
have

WHAT CAN YOU DO?

- Suggest Municipal Bond Fund To Ameliorate the Effects of Reduced Distributions
- Consider Universal Whole Life Policy (Accessible Without Penalty)
- Recommend Taxable Investment Account
- Implement 401(k) for the Self-Employed
- Quotes for LTC Insurance
- Discuss Longevity Insurance (Deferred Fixed Annuity)

WHAT CAN YOU DO?

- ALEX AND ZOE

- 20's

- First Job – Suggestions for the Future

- 30's

- Marriage and Children – Advice to Keep Pace

- 40's

- Divorce – Options for Resource Replacement

- 50's

- Remarriage – Ideas Regarding Asset Protection

- 60's

- Retirement/Loss of Spouse – Adjustments for Longevity