5 Things Every Woman Should Know About Her Finances

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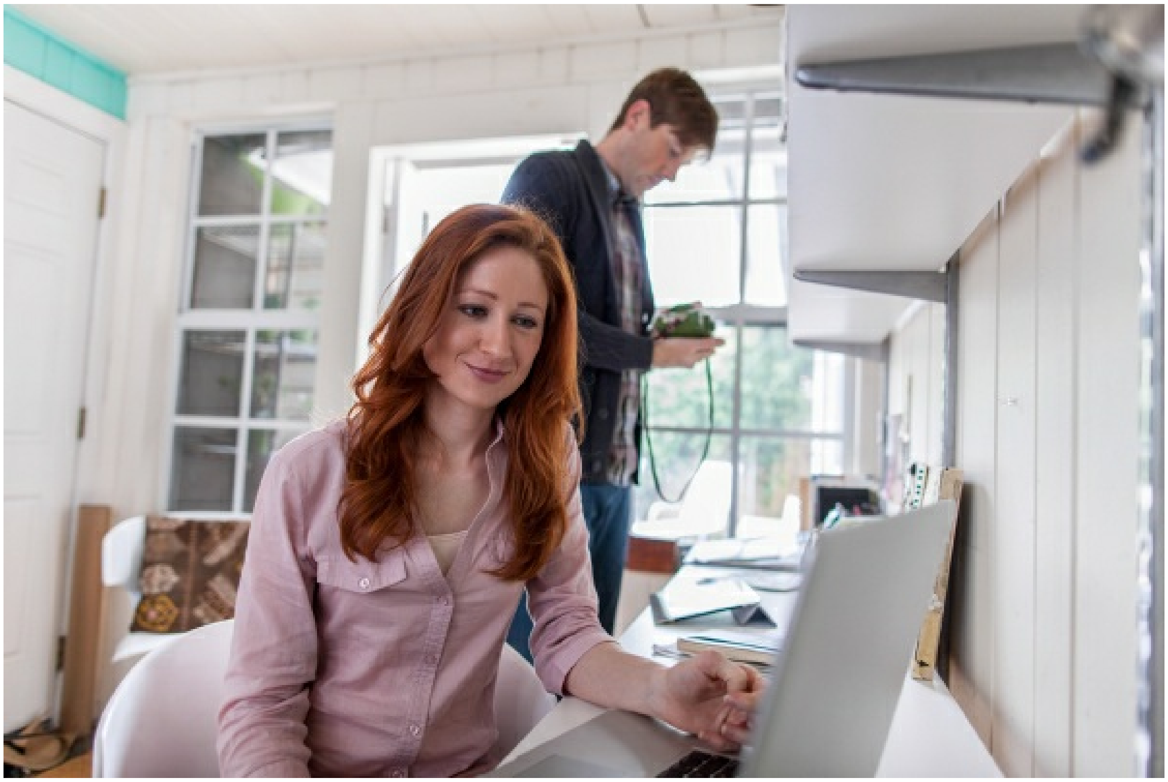
8/2/2016



Regardless of where a woman is in her life, she should arm herself with the tools and knowledge she needs to confidently manage her finances. Every woman should know the basics of personal finance to avoid potentially costly consequences. In financial literacy matters, women tend to score lower than men consistently, according to a study by the FINRA Investor Education Foundation.[1]

Financial literacy has an impact on wealth accumulation, retirement planning and stock market investing. The study showed that women were more likely than men to carry a credit card balance, pay only the minimum due each month, and incur late fees.

The FINRA study found that women with high financial literacy are less likely to en-gage in costly credit card behavior. Lower financial literacy increases costly credit card behavior by 8%.[2]

Here are five things every woman should know about her finances:

1. Your credit report and score matter

Your credit score affects whether you qualify for a mortgage or car loan and at what rate, as well as determining credit card limits and their interest rates. Lenders see those with higher credit scores as less risky, should you get better offers.

Each credit agency has its own scoring algorithm, which may not be the same one your lender uses when you're applying for a loan. But you can – and should – still get a general idea of your credit score and ways to improve it.

Each year, download a free copy of your credit report at Annual Credit Report, which includes information on open credit card accounts, with on-time and late payment information as well as other debt information. You can get reports from the three major credit agencies: Experian, Equifax and TransUnion. Check each 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 occur.

2. Calculate your total debt amount

You should know about your total household debt, which might include student loans, mortgage, car loans and credit card balances, even if they're on automatic payment schedules or your spouse pays the bills. It's important to know how much money you owe and to whom. If you're married and have joint accounts, you could be responsible for your spouse's debt, even if you didn't authorize or know about it. You'll also want to know how you're paying off the debt, how long it will take and the interest rate. Understanding these details allows you to make a better financial plan, possibly paying off the higher interest loans faster.

3. Account for all your income sources

For many people, their main income is their salary. But there are other income sources you should track each year so you have a full picture of the money coming into your bank account. That might include investment dividends, repayments on loans you made, side job income, tips, alimony, child support and tax refunds. This can help you adjust the amount paid in taxes each year, so you don't overpay or underpay the government. But it also helps you understand your entire financial picture for budgeting and retirement planning purposes.

4. Get a big picture of your spending

Just as you should know what's coming in, you should also know where your money is going. Whether you're the type to balance your checkbook to the penny or just get a broad sense of budget categories, knowing some of the big-ticket items can help you understand your family or personal finances.

This is especially useful if you're saving money for something big, such as a down payment or a special vacation. Also, it's helpful to know what you're spending so you can plan for retirement and investing. Knowing where your money goes means you can more easily make changes, if needed, to meet your financial goals and see if there's any wasteful spending. For more information and advice about your unique financial situation, speak to a Nationwide financial advisor today.[3]

5. Make sure you access and track all accounts

Access to your accounts is key, whether your accounts are individual or joint. It's okay for your spouse to pay the bills and make the investments, as long as you have access to the accounts to stay up to date. If your spouse is managing the accounts, get a list with account log-in and password information and check them occasionally to make sure you understand what's there. Even for your own accounts, it's important to monitor them for any activity.

Following the above tips can help establish baseline financial health for women. To read more in-depth information, check out our personal finance resources.[4]

1. http://www.finrafoundation.org/web/groups/foundation/@foundation/documents/foundation/p240590.pdf

2. http://scholarcommons.usf.edu/cgi/viewcontent.cgi?article=1134&context=numeracy

3. https://www.nationwide.com/locator/investment-profession-al/decisionpage.x?decision=no&submit=Continue&address=&city=&state=&zipCode=&language=en&lineOfBusiness=investment_professional

4. https://www.nationwide.com/personal-finance-resources.jsp