

Three Things My Mother Taught Me About Money



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As I walk into the nursing home where my mother has been a resident for 2 years now, I am reminded again of the ratio of women to men. I look around at the tables and see a room full of women; perhaps 5% of the people are men. I then think to myself that, one day, I will be the one sitting there with a table full of other white-haired women.

I often wonder how they got there and whether they had financial problems that paved the way to this home.

What about you? Are you afraid of outliving your money? Are you afraid that you haven't saved enough for your future? If you are worried about these things, you should consider a few changes to your financial life **especially if you're a woman.**

Why? Women live longer than men. While some studies show that cardiovascular disease develops later in woman than in men (7 to 10 years by some studies!), the truth is women just live longer than men.

I was somewhat fortunate because my mother taught me the value of working hard, saving money, and being independent. My father had passed away when I was five, and she became the role model I needed for my adult life. Even though I had older siblings to help with the burden of raising 8 children alone, she was the one who taught me that you had to rely upon your own hard work and effort if you want things in life; nothing is handed to you. It is because of her wisdom and hard work that I became so independent.

And yet, I see so many women who do not feel the same way about themselves or about money. I wonder why some women are afraid of finances; many women don't "handle the finances" and don't know much about their financial situations. We know we age, that we will grow old one day, but we also know women generally live longer than men.

Thus it is even more important for women to be savvy about finances. Because, as a gender, we live longer and need to save more in preparation for that.

If I could impart some of Mom's wisdom on to others, it would come in 3 pieces of advice:

1. Understand your spending.
2. See the value in saving.
3. Don't be afraid of investing.

Without my mom's advice, I wouldn't be where I am today. I hope her wisdom helps you become more financially confident and secure.

Spending

Because of my mother's advice, I always recommend that you **focus on your retirement at every age**. Save as much as you can as early as you can. My advice to those who let others pay the bills and "handle" the household budget would

be: “Get involved in it because there is a good chance you will be doing it alone one day.” It’s much easier and more fun if you have a partner that can help you.

I ask my clients to look at each line item of their discretionary (non-essentials) budget and ask themselves, “Is this something that we can spend less on, comparison shop, or eliminate all together?”

Here’s one little trick I use to help me when I contemplate a large purchase: I convert it into pre-tax dollars. In other words, I ask myself how many dollars I would have to earn to net the after-tax price for the purchase. Another trap to avoid is “sale” items at the clothing store, especially if I decide to purchase the sale items with credit cards. If you carry a balance and pay interest, that sale item just became not much of a deal at all! When you consider most credit cards charge 10% or more, you’re adding more than the savings of the item onto your interest payments.

Saving

My mother always made sure to live beneath her means. Saving that extra bit each and every year adds up. The cushion is insulation for the future, in case of hard times or emergencies. It’s also a great way to invest; you can build a “nest egg” in savings that will supplement your other retirement accounts.

I find that the best way to save money is “pay” myself first. I put a certain amount of savings into my account each month before I do anything else. It’s like paying for your future in monthly installments!

Investing

According to Women’s Institute for a Secure Retirement, “25% of unmarried women over 65 have no other source of income to live on other than Social Security. Social Security was never intended to be a sole source of retirement income. Participate in your 401(k) plan and up to the amount that your employer matches.”

Many 401(k) plans provide software calculator tools for calculating how much you need in retirement; this is a great first step for the uninitiated! Also, invest

outside of your retirement plan. Many find it convenient to have an amount taken out of your check and directly into a retirement account.

Learn about investing from a financial planner, as well. There are certified public accountants who have a personal financial planning designation (CPA/PFS); many are women who advocate for educating and teaching the benefits of long-term investing and planning.

Take Control Today

Financial planning is more than just “trying to get rich.” It’s about taking care of yourself and your loved ones when you’re retired, as you age, and after you’re gone. Knowing your situation as early as possible gives you the best chance of establishing financial health that will support you your entire life.

If you’re ready to establish financial independence and develop a plan for retirement, call me today. We can work together to make sure your money lasts a lifetime. Email me at clarsen-wieber@stewardingram.com