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Preview

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Taking Control Financial Strategies for Women



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Financial Challenges Facing Women

Today, every woman — single or married, widowed or divorced — needs to plan ahead for personal and financial security. And more than anything else, this requires that you take control of your finances today.

Being adequately prepared to meet whatever financial challenges come your way may be more important than you think, especially when you consider the challenges described here:

- **Women who work full-time earn about 83% (on average) of what men earn¹**
- **Women are more likely to stay at home to care for children²**
- **The average life expectancy for a woman is almost six years longer than that of a man³**
- **43% of women ages 65 to 74 live alone⁴**

Taking control of your finances includes a broad range of issues that women and men alike must deal with to help ensure a more comfortable financial future. There are strategies that can help you overcome these challenges and become more empowered to take control of your finances and your financial future.

Sources: 1) U.S. Bureau of Labor Statistics, 2025; 2) U.S. Chamber of Commerce, 2024 (most recent data available); 3) National Center for Health Statistics, 2026; 4) U.S. Census Bureau, 2024 (most recent data available)

Competing Priorities

Women are involved in running households, having careers, raising children, and helping aging parents. These competing priorities can get in the way of planning for a comfortable financial future.

Five Action Items for Taking Control

Taking control involves making the following moves to help strengthen your financial future:

1. **Getting Your Financial House in Order**
2. **Putting Your Money to Work by Investing**
3. **Building a Healthy Nest Egg for Retirement**
4. **Facing Life's Challenges with Confidence**
5. **Addressing Insurance and Estate Issues**

Getting Your Financial House in Order

Check Your Credit Report

It's wise to check your credit report periodically for evidence of fraud or any inaccuracies that could affect your creditworthiness.

The three major credit reporting agencies are required by law to provide you with a free credit report once every year. Log on to [annualcreditreport.com](https://www.annualcreditreport.com).

What's a "Good" Credit Score?

In general, many lenders view a credit score above 670 as an indication of good creditworthiness.

Source:
Fair Isaac Corporation,
2026

Setting Financial Goals

Once you've taken a financial inventory of your income, expenses, assets, and loan obligations, you can start setting specific goals. Your financial goals are guideposts to planning for financial security.

Some goals are **money oriented**. It takes dollars to purchase a home, pay for vacations, accumulate money for a child's college education, and generate retirement income. Other goals are **task oriented**, such as learning more about the investment options in your employer-sponsored retirement plan. In addition, your goals can be **short term**, **medium term**, or **long term**. Making a list of your financial goals and classifying them by timeline can clarify your priorities and help you see the big picture.

Developing and maintaining smart money habits is a key strategy to being able to meet your financial goals.

Smart Habit: Living Within Your Means

- **Spend less than you earn**
- **Don't use money to make yourself feel good**
- **Pay yourself first**
- **Set up monthly electronic fund transfers**

If you have trouble living within your means, you'll need to find a way to spend less or increase your current income. To spend less, look first at cutting back on discretionary expenses. Then look at your fixed costs, such as housing. If you have outstanding loans, consider whether you can refinance to save money.

Smart Habit: Maintaining Good Credit

- **Build credit history**
- **Pay bills on time**
- **Check your credit report**
- **Use credit cards wisely**

Good credit is essential to help you get the best interest rates on personal loans. Remember that if you're married, your spouse's credit history and profile could have an impact on your own credit rating.

Smart Habit: Building an Emergency Fund

A cash reserve is your "rainy day" money that you set aside for life's little and not-so-little emergencies — or for vacations and large periodic expenses such as property taxes. As a general rule, your cash reserve fund should be large enough to cover three to six months of living expenses.

Getting Your Financial House in Order

Because your cash reserves should be liquid and safe, you might consider these savings vehicles.

Savings accounts usually offer high safety but a relatively low rate of return. They don't require a large initial investment, and the funds in them are readily accessible. For many people, their main attraction is convenience and liquidity.

Certificates of deposit offer a fixed, moderate rate of return and high safety. CDs usually require a larger initial investment than savings accounts, and you must leave your principal for a set term to avoid early-withdrawal penalties.

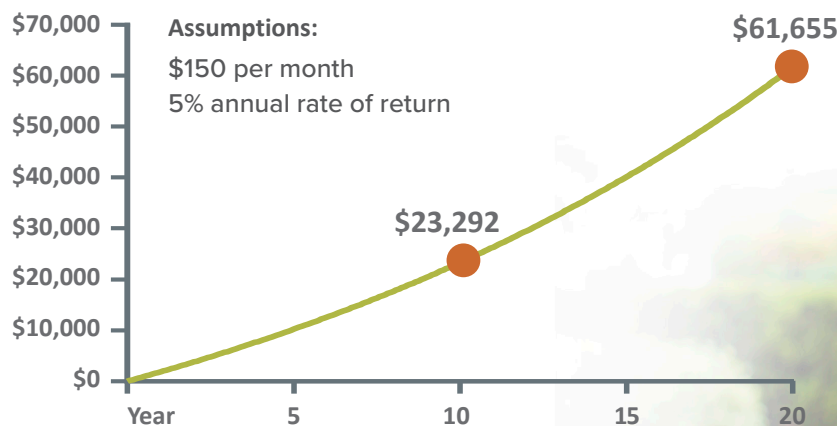
Money market funds invest in a diverse portfolio of short-term debt securities. Their goal is to preserve principal while yielding a modest return; however, the value of the funds can fluctuate.

Traditional bank savings accounts and CDs are insured for up to \$250,000 per depositor, per federally insured institution, by the Federal Deposit Insurance Corporation. *Money market funds are neither insured nor guaranteed by the FDIC or any other government agency. Although a money market fund attempts to maintain a stable \$1 share price, you can lose money by investing in such a fund.*

Mutual funds are sold by prospectus. Consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Small Amounts Can Add Up Over Time

Are there any discretionary items you spend money on that could be eliminated to free up money for your future? Here's an example of how spending \$5 per day on coffee or other special treats (\$150 per month) can add up over time. If instead you invested that money, you could accumulate a substantial amount in 20 years.



This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent any specific investment. Rates of return will vary over time, especially for long-term investments. The effect of fees, expenses, and taxes was not considered and would have reduced the results if included. Actual results will vary.

Prioritizing Goals

One survey found that more than half of workers (54%) have tried to calculate how much they will need to save to live comfortably in retirement.

Source: Employee Benefit Research Institute, 2025

Lower Retirement Confidence for Women

57% of women are confident about their retirement readiness as opposed to 76% of men.

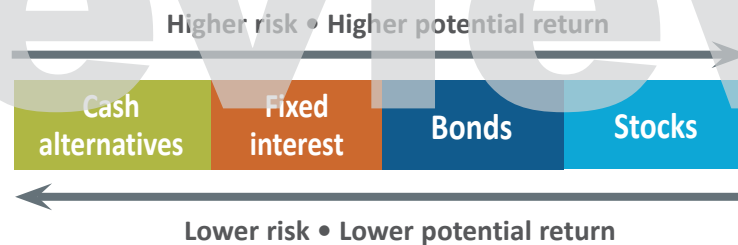
Source: Employee Benefit Research Institute, 2025

Putting Your Money to Work by Investing

Where does the money come from to buy a home? Travel? Pay for your children's college tuition? Prepare for a comfortable retirement? All these financial goals take money, and this money can come from your investments. Putting your money to work for you now could result in a stronger financial future.

Investment Spectrum

Wouldn't it be nice if all your investments could provide high returns combined with safety, liquidity, and tax advantages? Unfortunately, these aren't realistic expectations. Investments usually offer a compromise between risk and reward — the higher the potential return, the more investment risk you must bear. The diagram below positions the major asset classes according to their relative degree of risk and return.



Understanding Capital Gains and Dividends

Capital gains are the profit you can make when you sell capital assets (such as stocks) that have appreciated.

Dividends may be paid to shareholders of profitable companies. The amount fluctuates with earnings and is not guaranteed.

Long-term capital gains (on assets held for more than 12 months) and qualified dividends are taxed at rates of 20%, 15%, or 0%, depending on your taxable income.

Interest income and short-term capital gains (on assets held for one year or less) are taxed as ordinary income.

Fundamental Investment Principles

Asset allocation is the strategy by which you divide your investments among different asset classes — typically stocks, bonds, and cash alternatives — to help reduce risk. This process can help you balance investments that have higher levels of safety with those that have a higher potential for growth.

Diversification basically refers to the old adage: “Don't put all your eggs in one basket.” It involves investing among and within different asset classes in an attempt to limit exposure to losses in any one sector of the market.

Asset allocation and diversification are methods used to help manage investment risk; they do not guarantee a profit or protect against investment loss.

Dollar-cost averaging is a method of investing that may help you overcome the challenge of volatility in the markets. It calls for investing the same amount of money in an investment at regular intervals over a period of time. By investing consistently, you end up buying more units when the price is low and fewer units when the price is high, thus reducing the average cost of each unit.

Dollar-cost averaging won't prevent a loss and does not guarantee investment gains. It involves continuous investment in securities regardless of fluctuating price levels. You should consider your financial ability to continue making purchases through periods of high and low price levels.

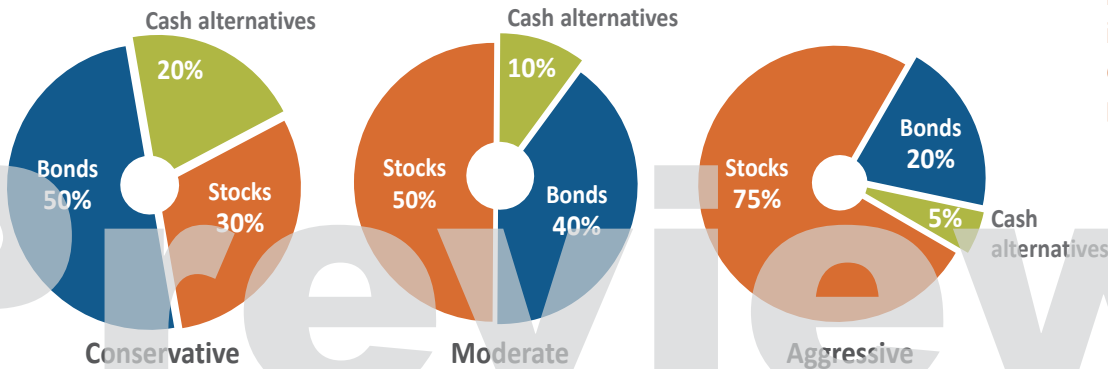
Three main considerations when developing a sound investment strategy are your investment objectives, your time frame, and your risk tolerance.

Putting Your Money to Work by Investing

Sample Asset Allocation Models

To find out how your assets are allocated, make a list of the investments you own, identify the appropriate asset classes, and assign each a percentage based on its contribution to your total portfolio. The total should add up to 100. Here are three sample allocations for investors with different tolerances for risk.

Investments offering the potential for higher rates of return involve a higher degree of risk of principal.



These hypothetical portfolios are shown for illustrative purposes only. They are examples, not recommendations.

Mutual Funds

Mutual funds combine stocks, bonds, and other assets into one portfolio shared by many investors. Their underlying investments are typically selected to track a particular market index, asset class, or sector — or may follow a specific strategy.

Income-oriented mutual funds concentrate their portfolios on municipal bonds, corporate bonds, Treasury securities, and other income-oriented securities, and sometimes stocks that pay high dividends.

Growth-oriented funds usually invest in stocks, which could be stocks of larger, well-established companies or smaller, more aggressive companies. These funds offer greater potential for appreciation but involve a higher degree of risk.

Balanced funds seek the middle ground between growth funds and income funds, seeking moderate growth potential with modest income.

Target-date (lifecycle) funds are common options in IRAs and work-based retirement plans. The fund allocation typically becomes more conservative over time, but the principal value is not guaranteed before or after the target date.

The return and principal value of mutual fund shares will fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Bond funds are subject to the same interest rate, inflation, and credit risks associated with the underlying bonds in the fund. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

IRAs and most employer-sponsored retirement plans offer a variety of mutual funds that generally range from low risk to high risk.



Building a Healthy Nest Egg for Retirement

Women Face Greater Retirement-Related Risks

More than four in 10 working women have no access to an employer-based retirement plan.

Source:
U.S. Department of Labor,
2025

Planning for retirement is probably one of the biggest challenges you may face. Do you know your retirement savings needs? One guideline is that you may need 70% to 80% of your pre-retirement income to live comfortably in retirement.

This worksheet can help you estimate how much you might need to fund the retirement lifestyle you have envisioned. Use the factors on the facing page to complete the calculation. Remember that the costs of food, travel, entertainment, and health care don't go down in retirement. In fact, they may go up.

Retirement Savings Worksheet

	Example	You
1. Expected retirement age	67	_____
2. Estimated length of retirement (years)	25	_____
3. Current annual income	\$ 75,000	\$ _____
4. Percentage of income desired in retirement	80 %	_____ %
5. Annual income desired in current dollars (line 3 times line 4)	\$ 60,000	\$ _____
6. Expected annual Social Security income in current dollars	\$ 24,852	\$ _____
7. Expected annual pension plan income in current dollars	\$ 10,000	\$ _____
8. Income needed from savings and investments in current dollars (line 5 minus lines 6 and 7)	\$ 25,148	\$ _____
9. Income needed from savings and investments in future dollars (line 8 times Factor A)	\$ 66,725	\$ _____
10. Amount you must save by retirement, in future dollars (line 9 times Factor B)	\$ 1,161,889	\$ _____
11. Amount you have saved already	\$ 150,000	\$ _____
12. What your savings might grow to by the time you retire (line 11 times Factor C)	\$ 699,150	\$ _____
13. Amount you still need to save by the time you retire (line 10 minus line 12)	\$ 462,739	\$ _____
14. Amount you need to save each year (line 13 times Factor D)	\$ 10,134	\$ _____

Roughly calculating the cost of retirement is only a beginning. We recommend a more thorough cash-flow analysis considering all sources of income and expenses.

The hypothetical example shown assumes a 47-year-old who plans to retire at 67 and spend 25 years in retirement. It is used for illustrative purposes only and does not represent any specific investment. Even though this example uses a hypothetical 8% rate of return, remember that rates of return will vary over time, particularly for long-term investments. Actual results will vary.



Building a Healthy Nest Egg for Retirement

Years Until Retirement	Factor A	Factor C	Factor D	Expected Life Span After Retirement	Factor B
1	1.0500	1.0800	1.0000	1	0.9709
2	1.1025	1.1664	0.4808	2	1.9135
3	1.1576	1.2597	0.3080	3	2.8286
4	1.2155	1.3605	0.2219	4	3.7171
5	1.2763	1.4693	0.1705	5	4.5797
6	1.3401	1.5869	0.1363	6	5.4172
7	1.4071	1.7138	0.1121	7	6.2303
8	1.4775	1.8509	0.0940	8	7.0197
9	1.5513	1.9990	0.0801	9	7.7861
10	1.6289	2.1589	0.0690	10	8.5302
11	1.7103	2.3316	0.0601	11	9.2526
12	1.7959	2.5182	0.0527	12	9.9540
13	1.8857	2.7196	0.0465	13	10.6350
14	1.9799	2.9372	0.0413	14	11.2961
15	2.0789	3.1722	0.0368	15	11.9379
16	2.1829	3.4259	0.0330	16	12.5611
17	2.2920	3.7000	0.0296	17	13.1661
18	2.4066	3.9960	0.0267	18	13.7535
19	2.5270	4.3157	0.0241	19	14.3238
20	2.6533	4.6610	0.0219	20	14.8775
21	2.7860	5.0338	0.0198	21	15.4150
22	2.9253	5.4365	0.0180	22	15.9369
23	3.0715	5.8715	0.0164	23	16.4436
24	3.2251	6.3412	0.0150	24	16.9355
25	3.3864	6.8485	0.0137	25	17.4131
26	3.5557	7.3964	0.0125	26	17.8768
27	3.7335	7.9881	0.0114	27	18.3270
28	3.9201	8.6271	0.0105	28	18.7641
29	4.1161	9.3173	0.0096	29	19.1885
30	4.3219	10.0627	0.0088	30	19.6004

Assumptions:

Factor A:
5% inflation rate

Factor B:
3% real rate of return

Factor C:
8% return on investment

Factor D:
8% discount factor

Length of Retirement

On average, a woman retiring at age 67 can expect to live another 20 years, over two years longer than a man of the same age.

Source:
Social Security Administration, 2026

Building a Healthy Nest Egg for Retirement

Pay Yourself First

Putting your saving and investing plan on autopilot could help you pursue your goals with less hassle. Consider directing some of your paycheck into savings and investments before the money ever touches your hands and before some of it goes to Uncle Sam.

Why Consider a Roth IRA?

Roth IRAs are funded with after-tax money, but contributions can be withdrawn tax-free and penalty-free at any time. To qualify for a tax-free and penalty-free withdrawal of earnings, Roth distributions must meet the five-year holding requirement and take place after age 59½. Original owners of Roth IRAs are not subject to RMDs.

Personal Savings and Investments

Your personal savings and investments may become the most important source of your retirement income. You might invest in taxable and tax-deferred vehicles, including stocks, bonds, and mutual funds.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Tax-Deferred Savings Vehicles

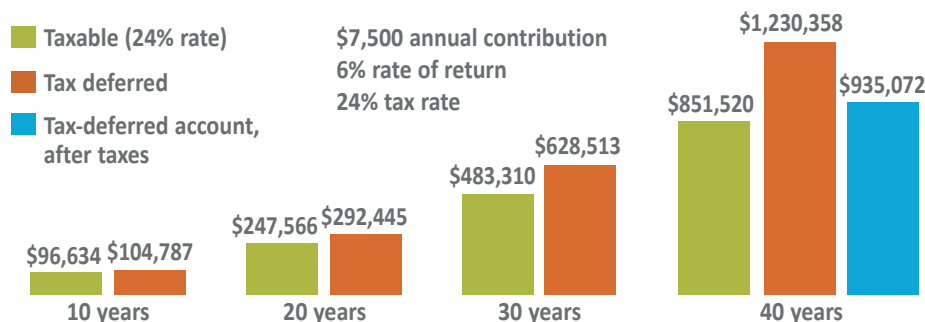
Defined contribution plans like the 401(k) require you to build your own retirement savings. Future benefits are based on investment performance and the amount contributed to the plan. A sound strategy is to work toward maximizing your annual contributions and to take advantage of the employer match, if one is offered. Pre-tax contributions could reduce your current taxable income.

If you are working, consider contributing to an **IRA**. (If your spouse has earned income but you don't, consider a spousal IRA.) IRAs and employer-sponsored retirement plans are subject to annual contribution limits.

Distributions from tax-deferred plans are taxed as ordinary income and may be subject to a 10% early-distribution penalty if taken prior to age 59½. Tax-deferred plans are subject to annual required minimum distributions (RMDs) starting no later than April 1 of the year after the year you reach age 73 (75 if age 73 is reached after December 31, 2032). Exceptions apply to employer plan participants still working for the employer sponsoring the plan.

What's So Great About Tax Deferral?

Deferring current taxes can help you save money for retirement. Tax-deferred investments may allow your savings to accumulate faster over time because you have your full contribution working for you.



This hypothetical example is used for illustrative purposes only. Investment fees and charges are not considered; if included, they would reduce the performance shown. Lower maximum tax rates for capital gains and dividends could make the investment return for the taxable investment more favorable, thereby reducing the difference in performance between the accounts shown. Rates of return will vary over time, especially for long-term investments. Actual results may vary.

Building a Healthy Nest Egg for Retirement



Social Security: How Much Can You Expect?

Social Security is the major source of guaranteed lifetime income for most Americans. You are entitled to receive retired worker benefits if you have worked and accumulated a minimum of 40 work credits (which equals about 10 years of work). Worker benefits are based on your highest 35 years of earnings.

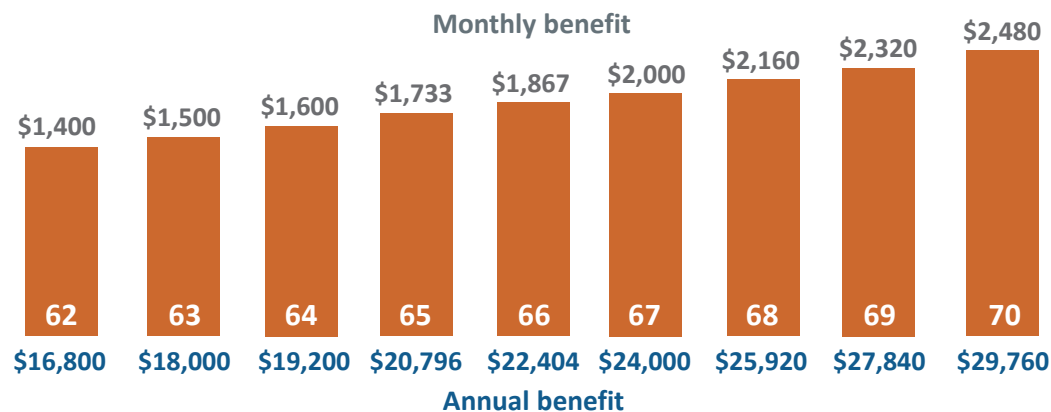
The earliest eligibility age to claim Social Security worker benefits is 62. Full retirement age, at which time you can receive 100% of your Primary Insurance Amount (PIA), ranges from 66 to 67, depending on year of birth. By waiting past full retirement age to claim worker benefits, you earn delayed retirement credits, increasing your benefit by about 8% a year, up to age 70.

The average monthly Social Security benefit for retired workers is \$2,071.

Source: Social Security Administration, 2026

How Claiming Age Affects Benefits

This chart shows the potential impact on monthly and annual benefits based on claiming age. It assumes a hypothetical PIA of \$2,000 per month at age 67, which is full retirement age for those born in 1960 and later.



You can access your Social Security Statement online by creating your own personal account on the Social Security website: ssa.gov/myaccount

This hypothetical example is used for illustrative purposes only. Actual benefits and results will vary.

Waiting to claim Social Security could also impact a surviving spouse, because survivor benefits include any delayed retirement credits you earn by waiting past full retirement age to claim Social Security.

Social Security: Spousal Benefit

Married individuals may be eligible to receive a benefit based on their own earnings history or a spousal benefit based on the spouse's PIA. To qualify for the spousal benefit, you must be age 62 or older and have been married for at least one year, and your spouse must have filed for or be receiving Social Security benefits. The maximum spousal benefit is 50% of your spouse's PIA if you claim it at your full retirement age. If you elect to receive a spousal benefit before that, you would receive a permanently reduced amount, unless you're caring for a qualifying child.

If you are eligible for a spousal benefit *and* a retired worker benefit when you claim Social Security, you are "deemed" to be filing for both and will receive a combination of the two that equals the higher amount. *(This rule also affects eligible divorced spouses but not survivor benefits.)*

Source: Social Security Administration, 2024

Building a Healthy Nest Egg for Retirement

Retirement Nest Egg

Women workers' total savings in household retirement accounts is almost half of men workers.

Source: Transamerica Center for Retirement Studies, 2025

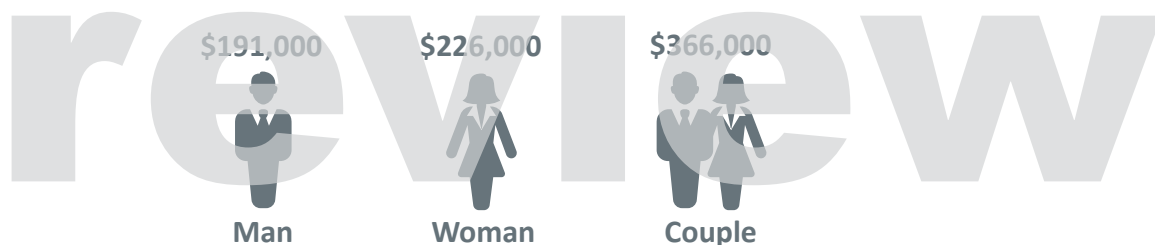
Full retirement age is 66 for people born from 1943 to 1954 and gradually increases to 67 for those born in 1960 or later.

If you work while receiving Social Security benefits and are younger than full retirement age, your benefit may be reduced if your earnings exceed specific annual limits.

Preparing for High Health-Care Costs

Many people underestimate the potential cost of health care in retirement, forgetting the premiums, copays, deductibles, and prescription drugs they might have to cover — even with Medicare, which typically covers only a little more than half of the average subscriber's health-care costs.

If Medicare benefits remain at current levels, it's estimated that 65-year-olds who retired in 2024 and live an average life expectancy might need the following amounts to cover their health expenses in retirement. If current trends continue, health-care costs may force you to rethink your retirement strategy.



Source: Employee Benefit Research Institute, 2025 (estimates are based on average savings needed to cover premiums and deductibles for Medicare Part B and Part D, premiums for Medigap Plan G, and median out-of-pocket prescription drug expenses) (most current data available)

Balancing College and Retirement

Another big risk to your retirement is paying for college. All parents want the best for their children, including funding a college education. But college is expensive. Here are national average costs for the 2025–2026 academic year:

Private 4-year college:	\$60,920 (tuition, fees, room & board)
Public 4-year college (in state):	\$25,850 (tuition, fees, room & board)
Public 4-year college (out of state):	\$45,780 (tuition, fees, room & board)

If you're facing college bills, how will you pay for them? Student debt is a problem not only for young adults but for older Americans as well.

Don't let college costs derail your own retirement. There are various cost-cutting measures you might consider, such as having your child attend a community college for two years and then transfer to a four-year institution.

Funding a college education for your children or grandchildren will require a tremendous amount of money, but it shouldn't come at the expense of your own financial security.

Source: College Board, 2025



Facing Life's Challenges with Confidence: Divorce

Aside from being the source of emotional upheaval, divorce can provide its share of financial devastation for women. In many cases, a divorce may mean a potential drop in a woman's standard of living and even financial disputes. Expert legal and tax advice is essential for women who undergo a divorce.

Divorce agreement. To a large degree, state law and the negotiation process will determine your property settlement, spousal support (alimony), and child support. Spousal and child support may be temporary, so you need to make sound decisions regarding these payments.

Taxes. Consider taxes in divorce negotiations. For divorce agreements implemented after December 31, 2018, alimony payments are not taxable for the recipient and are not tax deductible by the paying spouse.

Joint debts. Although state laws vary, any income, property, or debt accumulated during marriage is generally divided equally between spouses upon divorce.

Health and life insurance. Under a provision of COBRA, you may be entitled to medical coverage under your ex's health insurance plan for up to 36 months (at your own expense). As part of a divorce decree, you might want your former spouse to carry life insurance to replace child support or spousal support in the event of your ex's death. In this case, you should be the owner and beneficiary of the policy.

Retirement plan benefits. Generally, no one other than an employee has the rights to assets in an employer-sponsored retirement plan, but in the case of divorce you may be entitled to a share if your spouse participated in a plan during your marriage (and vice versa). With most private-sector retirement plans, this is usually accomplished by a qualified domestic relations order (QDRO) issued by the court.

Prenuptial agreement. If you have substantial assets, own a business, or have been married before, consider a prenuptial agreement before getting married. Remember that a prenup alone won't be sufficient for one party to waive benefits to a qualified retirement plan; under ERISA, only a *spouse* can do so. Before drafting a prenuptial agreement, you should consult with a qualified attorney.

Social Security. If you were married for at least 10 years to a fully insured worker and are unmarried, you are entitled to Social Security benefits based on your ex's work record (as long as your own worker benefit isn't higher). *If your ex is living*, you could receive spousal benefits starting at age 62. The maximum spousal benefit, if claimed at your full retirement age, would be 50% of your ex's full benefit.* *If your ex is deceased*, you can receive survivor benefits just like a current spouse starting at age 60; the maximum benefit, if claimed at your full retirement age, would be 100% of your ex's full benefit.* If you are caring for the child (under age 16) of your deceased former spouse, you may also be entitled to benefits, regardless of your age or the length of your marriage.

*A spousal or survivor benefit claimed prior to full retirement age will be permanently reduced.



Facing Life's Challenges with Confidence: Widowhood

Sale of a Residence

A surviving spouse may exclude up to \$500,000 of profit from the sale of a principal residence (one the couple lived in for at least two of the last five years) if it occurs within two years of the spouse's death.

*Distributions from most work-based retirement plans and traditional IRAs are taxed as ordinary income and may be subject to a 10% early-distribution penalty if taken prior to age 59½ (with certain exceptions). Annual required minimum distributions generally must begin starting no later than April 1 of the year after the year you reach age 73 (75 if age 73 is reached after December 31, 2032). As a spouse beneficiary, you can postpone mandatory distributions until the year your deceased spouse would have turned 73.

**A widow who remarries before age 60 forfeits her late spouse's Social Security benefits while she is married.

There are more than three times as many widows (9 million) as widowers (2.9 million) in the United States.

Source: 2023 Profile of Older Americans, Administration on Aging, U.S. Department of Health and Human Services (most current data available)



Health and life insurance. If your spouse was covered as an employee under a group plan, you may be eligible for continued medical coverage at your own expense for up to 36 months under COBRA. Generally, you must apply for coverage within 60 days of your spouse's death. A life insurance death benefit usually passes to beneficiaries free of income tax.

Retirement plans. If you are the beneficiary of your spouse's employer-sponsored retirement plan — and by law, spouses are generally required to be the beneficiary, unless they signed a waiver form — contact the employer for the forms to claim these benefits. Before you make any distribution decisions, evaluate the methods that may be available to you, as well as the tax implications. Depending on your age, you may be able to elect a lump-sum distribution, systematic withdrawals, or a lifetime annuity. Consider your liquidity needs, current and future income needs, and tax situation. If you are the sole beneficiary of your spouse's IRA, you have several distribution options. Rolling the funds to your own IRA enables you to choose your own investments, name your own beneficiaries, and stretch future distributions over your own life expectancy.*

Social Security survivor benefit. Widows are eligible for a \$255 lump-sum Social Security death benefit as well as survivor benefits. If your spouse was fully eligible for Social Security, your survivor benefit would be 100% of your spouse's basic benefit amount (and any delayed retirement credits, if applicable) when you reach full retirement age, or you could receive a permanently reduced survivor benefit starting at age 60.** Surviving disabled spouses and those with young children may have additional options, regardless of their age. If you are eligible for survivor benefits as well as benefits based on your own work history, you could take a reduced survivor benefit as early as age 60 and switch to a benefit based on your own work record at your full retirement age (or later) if it would be higher.

Taxes. You may file a joint tax return and claim an exemption for your spouse in the year of your spouse's death. In addition, there is a filing status called “qualifying widow” or “surviving spouse” that allows you to use joint tax return rates if your spouse died in the previous two years (*you must have a dependent child and you must not have remarried*). Please consult with your tax professional.

Addressing Insurance and Estate Issues

There are many threats to building wealth. Fortunately, some of them can be effectively managed with the appropriate insurance coverage. A well-designed insurance program can help protect you from the unexpected without burdening you with payments for protection you don't really need.

To be adequately insured, you should consider six major areas of coverage: medical, disability income, property and casualty, liability, and life insurance. In addition, you might want to be prepared financially for the potential need for long-term care — for yourself or for a close family member.

- **Do you have enough protection?**
- **Is it the appropriate type?**
- **Should you increase your coverage?**

Medical Insurance

When selecting your health-care plan, ask yourself three questions:

- 1. How much will the health insurance plan cost?**
Consider the premiums, deductible, and out-of-pocket maximum
- 2. What does the plan cover?**
Look for any coverage gaps or exclusions, the extent to which prescription drugs are covered, and potential out-of-pocket costs
- 3. Can you keep your doctors?**
Are the physicians you currently see within the plan's network?

Once you reach age 65 and qualify for Medicare, make sure you understand all your Medicare options. More information can be found on the Medicare website, [Medicare.gov](https://www.medicare.gov).

Original Medicare		OR	Medicare Advantage
Part A Hospital insurance	Part B Medical insurance		Part C Combines Parts A and B and <i>usually</i> Part D
+ Optional drug coverage			+ Optional drug coverage (if not included in plan)
Part D Prescription drug coverage			Part D Prescription drug coverage
+ Optional supplemental coverage			If you join a Medicare Advantage Plan, you don't need (and cannot purchase) Medicare Supplement Insurance (Medigap)
Medicare Supplement Insurance (Medigap policy)			

Health Insurance Costs

The average cost of health care for a typical family of four was \$35,119 in 2025.

Source:
2025 Milliman
Medical Index

How Much Disability Insurance Is Enough?

Generally, it's recommended that you carry enough disability income insurance to replace 60% to 70% of your pre-tax income, or the maximum allowed by the insurer. If you pay the premiums yourself using after-tax dollars, the benefits generally are not taxable.

Addressing Insurance and Estate Issues

Life Insurance

Properly positioned, the benefit from a life insurance policy can provide a steady stream of income for your family or be used to provide liquid capital to help pay off a mortgage and finance goals such as a college education for your children. Even if your children are grown and self-supporting, there may still be a need for life insurance. The benefit could be used to help pay final expenses, estate taxes, and other obligations or to leave an inheritance for loved ones.

Unfortunately, many Americans are underinsured.

Deciding whether to buy term or permanent insurance is a bit like deciding whether to buy or rent a home. There are times when either option may be appropriate. **Term insurance** is purchased for a certain period of time; when the term expires, you are no longer insured. **Permanent life insurance** is in force for the rest of your life, as long as the premiums continue to be paid. In addition to providing a death benefit, permanent insurance builds cash value, so it generally costs more than term insurance. The benefit of building cash value is that it can be accessed during your lifetime, if needed, to help meet your needs.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Before implementing a strategy involving life insurance, it would be prudent to make sure you are insurable.

How Much Life Insurance Do You Need?

This worksheet will help you estimate how much life insurance would help provide your family with adequate income if you or your partner should die.

Access to cash value through permanent life insurance policy loans or partial surrenders could reduce the policy's cash value and death benefit, increase the chance that the policy will lapse, and possibly result in a tax liability if the policy terminates before the death of the insured. Additional out-of-pocket payments may be needed if actual dividends or investment returns decrease, if you withdraw policy values, if you take out a loan, or if current charges increase. There may be surrender charges at the time of surrender or withdrawal, and withdrawals are taxable if you take out more than your basis in the policy.

Any guarantees are contingent on the financial strength and claims-paying ability of the issuing company.

	EXAMPLE	YOU
1. Calculate your dependents' total annual living costs. (Include all mortgage and loan payments)	\$ <u>100,000</u>	\$ _____
2. How much annual income would be available to them?		
A. Spouse's income	\$ _____	
B. Investment income	\$ _____	
C. Social Security	\$ _____	
D. Pension	\$ _____	
E. Other income	\$ _____	
F. Total income available	\$ <u>40,000</u>	\$ _____
3. How much more income would your family need? (Subtract the total on line 2F from line 1)	\$ <u>60,000</u>	\$ _____
4. What return could they expect if the death benefit were invested to produce income?*	<u>7</u> %	_____ %
5. Resulting life insurance benefit (Divide total on line 3 by the rate of return on line 4)	\$ <u>857,143</u>	\$ _____

If you need more money for a child's college education or other needs, you might want additional coverage.

*The example assumes that the family would live off the earnings of the investment, not the principal. This hypothetical example is used for illustrative purposes only. The investment return does not represent the performance of any specific investment.

Addressing Insurance and Estate Issues

What If You Need Long-Term Care?

People who need long-term care generally have a cognitive impairment or physical limitations that require different types and levels of care. Women could be affected *twice* by long-term care because they are typically the primary caregivers for family members and may eventually become long-term care recipients themselves. In fact, almost two-thirds of Americans with Alzheimer's disease are women. And more than three in five Alzheimer's caregivers are women.¹ Even so, some people continue to have misconceptions about long-term care, thinking:

- **It will never happen to me. (Statistics suggest it's more likely than not.)**
- **My family will care for me. (They could, but it might be a burden.)**
- **Medicare will pay for it. (It won't.)**

Long-term care costs can be daunting. The national median cost for a private room in a nursing home was \$127,750 — that's about \$10,646 a month or \$350 a day!² Receiving care at home can also be expensive; the annual median cost for a home health aide was \$77,792 in 2024.³

Sources: 1) Alzheimer's Association, 2026; 2–3) Genworth Cost of Care Survey, 2025 (2024 data)

Options for Covering Long-Term Care Costs

It's a good idea to consider how you would pay for long-term care expenses while you are still healthy, because if you wait until the need for care arises, your options could become more limited — and costly. Long-term care benefits typically kick in when the insured needs help with two or more activities of daily living (such as eating, bathing, and dressing).

- **Traditional long-term care (LTC) insurance**
- **Life insurance with a long-term care rider**
- **Hybrid life/long-term care policy**

A long-term care rider attached to a permanent life policy allows you to tap into the account value for long-term care benefits while you're still living. However, any payouts for covered expenses reduce (and are usually limited to) the life insurance death benefit that would go to heirs, and they are typically much less generous than those of a traditional LTC policy. Optional benefit riders are available for an additional cost and are subject to the contractual terms, conditions, and limitations outlined in the policy; however, they may not benefit all individuals.

Hybrid life/long-term care policies combine permanent life insurance and LTC coverage. Many of these policies require a substantial upfront premium, but buyers don't have to worry about future rate increases or the issuer canceling the policy. A hybrid policy typically has a smaller death benefit than a life policy with a rider, but payouts for covered LTC expenses could be greater than the death benefit. Any payments used for covered LTC expenses would reduce (and are limited to) the death benefit and can be much less than those of a typical LTC policy. If you consider a life policy with LTC benefits, you should have a need for life insurance and evaluate the policy on its merits as life insurance.

Long-term care (LTC) insurance provides a contractual daily or monthly benefit for covered services. Premiums are partly based on your age when you sign up, but annual premiums have been known to increase over time. A complete statement of coverage, including exclusions, exceptions, and limitations, can be found only in the LTC insurance policy. Carriers have the discretion to raise their rates and remove their products from the marketplace.



Addressing Insurance and Estate Issues

Estate Planning Self-Analysis Quiz

Please answer the following questions to determine whether you have adequately prepared for your estate conservation needs.



	YES	NO
1. Do you have a valid and up-to-date will?	<input type="checkbox"/>	<input type="checkbox"/>
2. In your will, have you appointed a guardian to care for your minor children?	<input type="checkbox"/>	<input type="checkbox"/>
3. Have you taken any steps to help shield your estate from probate?	<input type="checkbox"/>	<input type="checkbox"/>
4. Have you considered charitable gifts to benefit the charitable organizations of your choice and to help reduce your taxable estate?	<input type="checkbox"/>	<input type="checkbox"/>
5. Do you have a living will that outlines which medical procedures you will allow in the event of a debilitating or terminal condition?	<input type="checkbox"/>	<input type="checkbox"/>
6. Have you designated financial and medical powers of attorney so someone can make financial and medical decisions on your behalf should you become unable to make them yourself?	<input type="checkbox"/>	<input type="checkbox"/>
7. Are the account beneficiaries you have designated for your life insurance proceeds, retirement plan assets, IRAs, and annuities up-to-date?	<input type="checkbox"/>	<input type="checkbox"/>
8. Have you investigated the potential advantages of having a trust to transfer your assets?	<input type="checkbox"/>	<input type="checkbox"/>
9. Have you estimated whether federal or state estate taxes will be due on your estate?	<input type="checkbox"/>	<input type="checkbox"/>
10. If your estate is likely to be subject to estate taxes, have you consulted with a financial professional or an attorney to discuss estate conservation strategies?	<input type="checkbox"/>	<input type="checkbox"/>

Scoring

For every question you answered “yes,” give yourself 10 points. If you scored above 80 points, your estate conservation strategies are in excellent shape. After implementing effective estate planning strategies, you should be able to score 100.

Time Will Not Wait

Procrastination is the bad habit of putting off until the day after tomorrow what should have been done the day before yesterday.

— Napoleon Hill

Source:
BrainyQuote.com

Once you have well-planned financial strategies in place, you have laid a foundation for your life and can rest easier that you and your family will be prepared for the future.

Figuring Out Your Net Cash Flow

How much discretionary income do you have available after your monthly obligations are met? Can you account for where the money goes? Some people are surprised at the amount they should be able to save and invest each month but don't. Analyze your cash flow for the current month. Because income and expenses can vary from month to month, you may wish to estimate your cash flow through all 12 months or take a 12-month average.

Monthly Income	
Wages, salary, tips	\$
Alimony, child support	\$
Dividends from stocks, mutual funds, etc.	\$
Interest on savings accounts, bonds, CDs, etc.	\$
Social Security benefits	\$
Pensions	\$
Other income	\$
TOTAL MONTHLY INCOME	\$

Monthly Expenses			
Mortgage payment or rent	\$	Other transportation	\$
Vacation home mortgage	\$	Life insurance	\$
Automobile loan(s)	\$	Homeowners insurance	\$
Personal loans	\$	Automobile insurance	\$
Charge accounts	\$	Medical, dental, disability insurance	\$
Federal income taxes	\$	Unreimbursed medical, dental expenses	\$
State income taxes	\$	Entertainment/dining	\$
FICA (Social Security)	\$	Recreation/travel	\$
Real estate taxes	\$	Club dues	\$
Other taxes	\$	Hobbies	\$
Utilities (electricity, heat, water, telephone, etc.)	\$	Gifts	\$
Household repairs and maintenance	\$	Major home improvements and furnishings	\$
Food	\$	Professional services	\$
Clothing/laundry	\$	Charitable contributions	\$
Education expenses	\$	Other expenses	\$
Child care	\$	TOTAL MONTHLY EXPENSES	\$
Automobile expenses (gas, repairs, etc.)	\$		

NET CASH FLOW	
Total monthly income	\$
Total monthly expenses	\$
Discretionary monthly income <i>(Subtract your expenses from your income)</i>	\$



Discussing your financial needs and goals with a professional could motivate you to save more and invest wisely.

Although there is no assurance that working with a financial professional will improve investment results, a financial professional can help you focus on your overall financial objectives, provide education, identify strategies for taking control of many financial situations, and help you consider opportunities that could have a substantial effect on your long-term financial situation.

How much of your discretionary monthly income are you investing or saving each month?

\$ _____

What to Bring

Please bring the following documents to your complimentary, no-obligation consultation:

1. _____

2. _____

3. _____

4. _____

5. _____

Preview

Your consultation is scheduled for:

Date

Time



REYNOLDS
& Associates