

Financial Planning for the Modern Woman

Michelle Human, Legal Marketing Specialist

Can the modern woman really have it all? Today, women have more opportunities, choices and challenges than ever before. Women need to take control of their financial planning to make sure that they own their lives, especially in the event of a life-changing situation. Here are some things to consider when it comes to taking charge of your financial freedom.

Look after yourself first

A woman needs to have a financial plan that caters for her own needs.

If she has children or is thinking about starting a family, her retirement plan must take into account a possible break in employment, even if only for a short time, while she is on maternity leave.

If it takes a dual income to run a family now, then a dual income will also be required at retirement to maintain the standard of living.

Financial protection in times of crisis

According to the CANSA Association, 1 in 29 women is diagnosed with breast cancer, every year. The effects of such a diagnosis can be devastating, both emotionally and financially.

Making sure that you have cover in place that will pay out in the event of such a diagnosis will at least give you the peace of mind that your financial wellbeing is taken care of. Comprehensive critical illness cover will make sure that funds are available to protect your family and their lifestyle. Consider the impact that this type of disease could have on your lifestyle:

- Who would take care of your children? Would you need an au pair to fetch them from school and other activities, supervise homework and dinnertime?
- Would you need someone to take care of household chores or drive you to treatments and doctors' appointments?
- Make sure that you can eliminate all other worries and focus on getting the best treatment possible.

For richer or poorer, in sickness or in health

The last thing any blushing bride wants to consider is the fact that her marriage may come to an abrupt end, either as a result of divorce or death. Making sure that you understand the law relating to your marriage could save you heartache in years to come.

The three marital regimes provided for in terms of the Matrimonial Property Act:

- **Community of property** – the parties to the marriage share all profits and losses and are seen to have one undivided estate. Thus everything is shared equally.

- **Ante-nuptial contract (ANC)** – this automatically includes the accrual system and is a community of profit, but not a community of loss, which comes into effect when the marriage ends. This is probably the most popular marital regime of modern times. Assets acquired before the marriage may be excluded, but any growth in assets acquired during the marriage is shared equally when the marriage comes to an end.
- **Ante-nuptial contract excluding accrual** – the accrual system is expressly excluded and the parties have completely separate estates. This is a marital regime often used where parties have already acquired significant wealth prior to their marriage.

Time out of the work force

When a woman starts a family she may choose to leave formal employment to be a full-time mom or work reduced hours with a flexible schedule. Here are some things to consider when you have children:

- Are your existing retirement benefits transferred into a Preservation Fund or Retirement Annuity to create a nest egg for your future?
- Are you accessing this amount now to reduce your costs and make your decision to stay at home more viable?
- Does the reduced income in the household allow you to continue with some form of retirement savings?

Financial freedom for your retirement years

Generally, women live approximately seven years longer than men. A woman of 65 will need approximately 15% more than a man of the same age to provide the same pension for the rest of her life, so women really need to put careful thought into their retirement plans.

Leaving a legacy

All too often women underestimate the need for a valid will as part of a comprehensive financial plan. It is not as simple as leaving all of your assets to your spouse or significant other.

A will gives you the opportunity to provide a guardian for your children in the event of both parents passing away. You may wish to provide for your children using a testamentary trust. This allows you to choose the trustees who will manage the funds for your children and give certain instructions regarding distribution of income and capital. Consider that your surviving spouse may remarry or have more children. Without a will, there are no guarantees that your children will receive the legacy you intended for them.

Going through the process of drafting your will also allows you to consider the impact of estate duties, income tax and expenses that can easily erode the inheritance you thought you were leaving.

Life cover is an affordable way of ensuring that cash is readily available when your dependants need it most.

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