

Flourish Wealth Management

Quarterly Newsletter

News from Flourish

Happy Summer! And what a busy one it has been so far. I just returned from a family trip to Guatemala where we were able to roast marshmallows over the heat of an active volcano, return to the birthplace of my two youngest children, Fernando and Grace, and visit with the now grown children that we had the opportunity to sponsor in an effort to foster educational opportunities for the underprivileged youth of Guatemala. It was an enriching and emotional journey!

Our staff engaged in a good deal of professional development during the last quarter. Michele Lenz completed the Fundamentals of Financial Life Planning training program with MoneyQuotient, and she also attended the University of Wisconsin-Madison Financial Coaching workshop designed to increase financial professionals' understanding of coaching theories and skills, recognize the role of values and motivations, and identify applications in professional practice. In addition, we welcomed our new Client Services Manager, Shelly Fayard-Rerat. To learn more about Shelly's background and experience you [can visit her bio page on our website.](#)

We will be sharing two articles this quarter. The first discusses the challenges that women face at different stages of their lives when they are experiencing financial transitions, and what can be done in the present to help mitigate the impact they can have on your life in the future. If you find that this article will be valuable to a person you care about please don't hesitate to share it with them. In addition, Jay Pluimer shares his quarterly market commentary. I hope your summer is filled with laughter, love and barbeques. If you have memorable experiences you'd like to share with us please post them to our Facebook page. We'd love to see your summer adventures!

2nd Quarter | 2019

Q2 2019 QUARTERLY ARTICLE

The Challenges Faced by Women in Transition



**By: Kathy Longo, CFP®, CAP®, CDFA®
President & Founder**

After many years in the financial industry, I have met countless women (and men) who have come to me in crisis. Whether it is divorce, loss of a spouse or loss of a career, these transitions can rattle you to your core. In a marriage, you have spent most of your adult life dedicating your time to your family – especially your spouse. When that connection is pulled out from under you it can be hard to navigate your own emotions, let alone the practical administration of what you should be doing for your financial security.

There comes a time in our lives when things have maintained a status quo of sorts for so long that it can be hard to picture a life without what you once had. You have a new life that doesn't look at all like what you thought it would and sometimes it can be hard to recognize – your life and yourself in it.

According to AARP almost two-thirds of women in middle and older age have experienced some type of major financial transition.¹ While the transitions can vary from marriage to divorce to retirement or even losing a job later in life, the outcome can often be the same—you end up in a place where you may not know what to do about your finances or how to take the first steps.

¹ <https://blog.aarp.org/where-we-stand/womens-retirement-at-risk>

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Men also face these challenges, but women have longer life expectancies, lower retirement savings, and a higher likelihood of facing financial challenges on their own. According to a study put out by Wi\$eUp, a financial education program for Gen X and Gen Y women, 99 percent of women will be financially responsible for themselves or their families at some point in their lives.²

Divorce and Widowhood is Harder on Women than Men

Income for a woman after a divorce can fall as much as 41% compared with 23% for men. Widows face similar challenges though the income gap narrows a little bit to 15% instead of 18%.³ Why is there such a disparity?

The three main sources of retirement income (Social Security, pensions, and earnings) are designed to work more to a man's benefit than a woman's. Men have higher and more consistent earnings during their working years, all of which amounts to greater retirement benefits and income when they choose to end their career.

To and through retirement, women are charged with earning less money and then making it last longer. While we would all like to make the world a fairer place with more equal pay for men and women, in the meantime we need to identify solutions to the problem that is in front of us right now.

Save More Money and Start Earlier

Of course, this is easier said than done. Sacrificing our time and money for our family is almost an inherent part of most women's existence and trying to stamp out thousands of years of habit is not likely (nor is it necessary). But making some strong efforts to split the difference on your financial sacrifices may help you not to struggle in your old age.

Contributing as much as you can as early as you can to your company retirement plan and staying within a manageable budget will help you grow

² <http://wiseupwomen.tamu.edu/>

³ <https://www.gao.gov/products/GAO-12-699>

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your nest egg and give it a long enough time horizon to watch it mature. If you want to help your children with their college, then you might consider saving $\frac{1}{3}$ or $\frac{1}{2}$ before college and then, during those years, decreasing your retirement contributions a little or supplementing with student loans.

If you put all your savings into college tuition while your children are young, you are losing a decade or so of powerful retirement saving that can mature for much longer than the tuition has time to. Be smart about how you are investing and saving your money. It can be helpful to speak with an advisor who can help you develop a savings and investing plan that works for your unique circumstances.

Try Not to Let Your Emotions Get the Better of You

For women in transition, one of the most emotionally challenging things to consider is whether or not to keep the family home. While a home is typically one of the largest assets that you may have, it is not money that you can live on because you are literally living in it. Of course, that pragmatic thinking doesn't account for the decades of memories, mementos and traditions that were built in that sacred place. When I am working with a client who may need to come to terms with parting with their home, I like to help them through a list of pros and cons and help them come to the determination by themselves. Don't let people coax you into a decision you aren't ready to make but rather look at the practical as well as the sentimental value of your home and make the choice based on a healthy combination of logic and love.

Financial Planning for Women in Transition

It can often be beneficial to speak and work with someone who is removed from your situation enough to provide an objective perspective. It will be important to find a person who has empathy, compassion and an understanding of your experience and doesn't approach the relationship as transactional.

Having a financial plan after a transition can help clean your slate and create a strong foundation for your new life and whatever it may bring. It may help you to find some clarity and have some peace of mind in knowing that there are some guidelines and strategies in place to help you move forward.

Whatever stage of life or transition you are in, we are here to help you through it. Please don't hesitate to [contact us](#) with questions or to make an appointment.

Market Commentary

Second Quarter 2019



By: Jay E. Pluimer, AIF®, CIMA®
Director of Investments

The Summer Solstice delivered a lot of Minnesota sunshine along with positive market momentum. We ended the second quarter with positive Stock and Bond markets for the first half of the year, and with Stock markets reaching new record highs. In fact, this was the seventh best June in history and the best since 1926. In addition, this was the seventh straight year with positive market returns in the first half of the year. These positive results may be a surprise to anybody who watches the news, listens to the radio, or

reads the news (paper or electronic versions) as the market gains have been lost in the shuffle of other pressing stories. Most of the major market concerns are still about geopolitical events including a potential Trade War with China, conflict and turmoil in the Middle East, ongoing Brexit floundering, concerns about where the Federal Reserve will choose to drive the US economy, and early palpitations about the US Presidential election in 2020. For perspective, as of June 30th the S&P 500 Index (US Large Cap Stocks) is up 18.5%, the Russell 2000 Index (US Small Cap Stocks) is up 17.0%, and the MSCI All-Country ex-US Index (International Stocks) is up 13.6% despite the multitude of concerning headlines.

What is driving markets forward against the geopolitical headwinds? The global economy recently entered a period of slowing growth due largely to concerns and issues related to trade with the US (Brexit doesn't help either). China is the 2nd largest economy in the world and a more active trading partner in many markets than the US. Many US companies have been the primary losers from the tariffs put in place so far, plus US consumers who have received a relatively small hit from the Trade War rumblings (so far). The markets are currently pricing in a "best case scenario" where the US and China sign a reasonably fair trade agreement, trading with peripheral countries resumes, and Middle East tensions stay

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on a simmer rather than a boil. The fragile foundations of this optimistic scenario were demonstrated in May when markets tumbled for a couple weeks amidst concerns that the US was going to start a third-front Trade War with Mexico. We expect to see continued market volatility throughout the rest of 2019 amidst generally rising global markets. It will also be an opportunity for International Stocks to demonstrate stronger performance as the US Dollar weakens with lower interest rates and a (potentially) more stable trading environment. In the meantime, we will continue to ensure broad portfolio diversification and capitalize on portfolio rebalancing opportunities as markets shift. Best wishes for an enjoyable Summer with eyes on family, friends and nature instead of the news headlines of the day!

For more information on investments and the markets this quarter you can look at our [Quarterly Market Review](#).

CONCLUSION

As always, we are here to listen to our clients and share our perspective. We hope that our newsletter and articles provide you with inspiration and useful information. We encourage you to share our resources with family and friends who you think would benefit from them. Happy Summer!



Sincerely,

Kathy Longo & the Flourish Team

2nd Quarter | 2019