

# “Investments 101” for Women

*Guiding women of all cultures  
toward a strong financial future*

**EMPOWER**

Embracing and Promoting Options for Women to Enhance Retirement

Department of Employee Trust Funds  
Wisconsin Deferred Compensation Program

September 23, 2015



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# Why Focus on Women?

“The largest growing segment of our population is poor, elderly women.”

--Teresa Heinz Kerry



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# Issues Unique to Women



Earn less

Time away from work

Part-time work

Less in savings and pension

Live longer

Living alone in retirement

# Retirement Income

**Figure 2. Median Retirement Income From Selected Sources for Individuals 65 and Older, 2009**

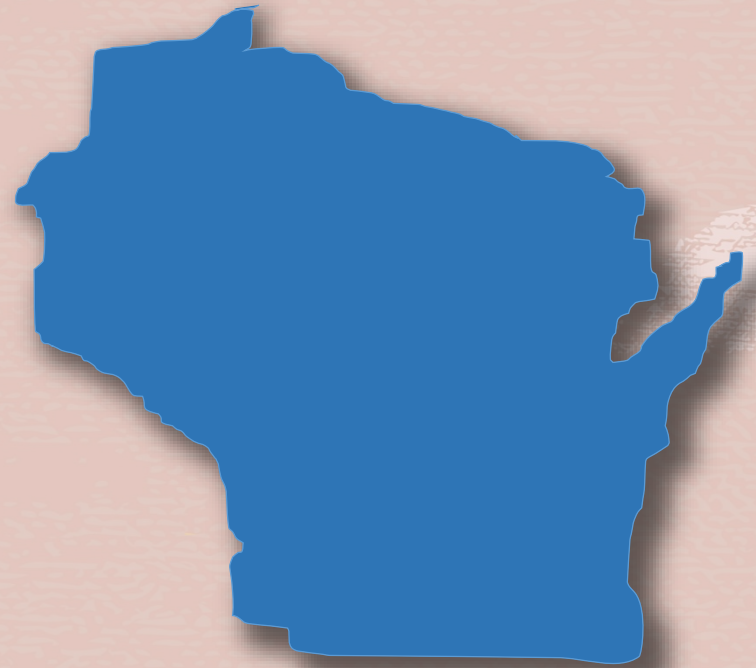


Note: Data exclude individuals who do not receive income from the source. Private and public pension income does not include survivors' benefits. Financial assistance includes regular assistance from friends and relatives not living in the individual's household, but does not include public assistance. Source: Employee Benefit Research Institute (EBRI) calculations based on data from the Bureau of Labor Statistics' Current Population Survey.



# Wisconsin

- Nearly two-thirds of all households in poverty in Wisconsin are headed by single women.
- Among older adults in Wisconsin, women outnumber men among the poor at a rate of more than two to one.



# Wisconsin Retirement System Annuities

## WRS Average Monthly Annuity by Gender



# Some Women Can Lack Investing Confidence

- 43% of women say they don't know if they are on course for retirement.
- 20% of women overall feel they are on course for a secure retirement.

*"The future belongs to those who believe in the beauty of their dreams."*

*Eleanor Roosevelt*



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# Basic Investment Education

Kristy Igl, Retirement Plan Counselor  
Wisconsin Deferred Compensation Program



Investment products are provided by the FDIC for up to \$250,000 per depositor and offer a fixed rate of return, whereas both the principal and yield of bonds, and stocks will fluctuate with market conditions. A money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the fund seeks to preserve the value of your investment of \$1 per share, it is possible to lose money by investing in the fund. For more information, please contact your advisor.

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# Cash Alternatives

- Help preserve principal from market fluctuations
- Balance stock portion of portfolio
- Larger percentage of portfolio closer to retirement
- Examples:
  - Savings accounts and CDs<sup>1</sup>
  - Money market investments<sup>2</sup>
  - Guaranteed accounts<sup>3</sup>
  - Stable value investments



# Bonds

## What they are

- Fixed income securities
- Lend money to bond issuer
- Repaid on certain date—with interest
- Receive regular interest payments
- Issued by companies and governments

## How they work

- Generally offer lower potential returns than stocks
- Help diversify portfolio<sup>1</sup>



<sup>1</sup> Diversification of an investment portfolio does not ensure a profit and does not protect against loss in declining markets.

# Stocks

- Highest potential returns, high risk
- Part of long-term portfolio<sup>1</sup>
- Volatility—market ups and downs
- Stock dividends
- Part owner (share equity)
- Dividend payment represents share of earnings
- Smaller companies may reinvest earnings



# Market Capitalization

- Multiply the number of shares outstanding by the stock's current price
- Large cap: large, established, generally pay dividends
  - Market capitalization of greater than \$10 billion
- Mid cap<sup>1</sup>: established, yet innovative and responsive
  - Market capitalization in the \$2 billion to \$10 billion range
- Small cap<sup>1</sup>: new, cutting-edge, potential for rapid growth
  - Market capitalization below \$2 billion



**EXAMPLE:**  
**5 million shares**  
**x \$20 per share**  

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**\$100 million**

<sup>1</sup> Equity securities of small and mid-sized companies may be more volatile than securities of larger, more established companies.

# International Stocks<sup>1</sup>

- Companies outside the United States
- Both high risk and return potential
- May fluctuate in value opposite to U.S. stocks
- May invest a portion in the U.S.



<sup>1</sup> Foreign investments involve special risks, including currency fluctuations and political developments.

# Risk vs. Return Potential

Cash Alternatives/Bond Funds/Stock Funds

Lower Risk/Lower Return Potential

Higher Risk/Higher Return Potential

Money  
Market  
Funds

Intermediate U.S.  
Government  
Bonds Funds<sup>1</sup>

Corporate  
Bond  
Funds<sup>1</sup>

Large-Cap  
Funds

Mid-Cap  
Funds<sup>2</sup>

Small-Cap  
Funds<sup>2</sup>

International  
Funds<sup>3</sup>

*An investment in a Money Market Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at \$1.00 per share, it is possible to lose money by investing in the Fund.*

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# Investment Risks

- Market Risk
- Business Risk
- Inflation Risk
- Interest Rate Risk
- International Risk
- Not Investing Risk



# Manage Risk

- Diversify through asset allocation<sup>1</sup>
- Invest consistently
- Invest for the long term



<sup>1</sup> Diversification, asset allocation and dollar cost averaging do not ensure a profit and do not protect against loss in declining markets.

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# The WDC is here to help!



- Call us -- KeyTalk<sup>®1</sup>
  - (877) 457-9327, press 0
- Website<sup>1</sup>
  - Visit [www.wdc457.org](http://www.wdc457.org)



## Online Tools you can use

- Calculators
- Internet sites
- Financial articles

1 Access to KeyTalk and/or any website may be limited or unavailable during periods of peak demand, market volatility, systems upgrades/maintenance or other reasons.

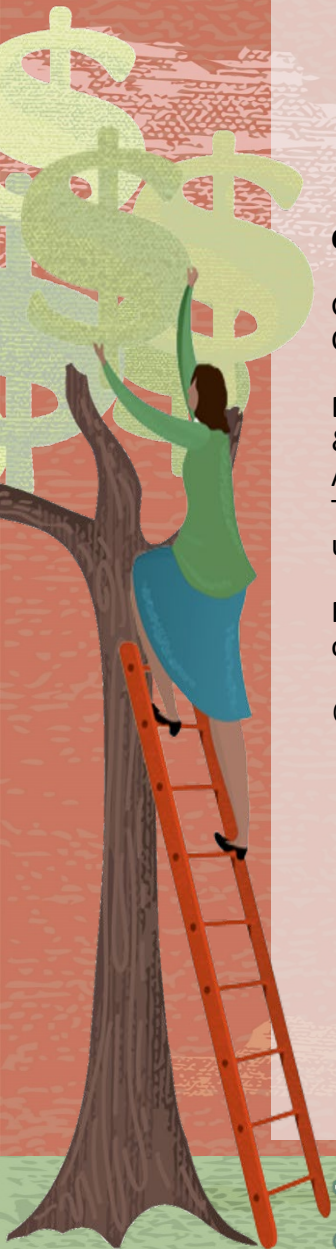
# 9 Reasons to Save for Retirement with the WDC

1. Easy enrollment
2. Tax-deferred and Roth savings options available
3. Low cost (\$0 if under \$5,001)
4. Variety of quality investment options
5. Convenient account management
6. Personal and professional service
7. Savings and investment education available throughout your career
8. Flexible withdrawal options
9. Your future self will thank you!



**Enroll  
today. It's  
that  
simple!**

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# Questions?

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# Women are Positive About Retirement

Women hold positive retirement aspirations

Spending more time with friends

♀ 62% ♂ 56%



Traveling

♀ 64% ♂ 59%



Pursuing new hobbies

♀ 51% ♂ 47%



Volunteer work

♀ 27% ♂ 23%



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# Get To Know Your Sources of Retirement Income

- Social Security:  
<http://www.ssa.gov/myaccount>
- The WRS – your employer-sponsored retirement plan: <http://etf.wi.gov>
- Other savings and investment accounts (like the WDC and 401(k)s, IRAs, etc.)
- What do you AND your spouse/partner have?

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# Get Help if You Need It

- Learn the basics of investing and retirement planning – good, basic information can go a long way!
- Work with someone who can help – the WDC or your financial advisor.
- Talk to each other and share your experiences



# EMPOWER Resources

Online at:

<http://etf.wi.gov/empower/>

Follow ETF on Twitter: [@WI ETF](https://twitter.com/WI ETF)



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**For more on the WDC:**

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