Retirement Planning & Selecting Mutual Funds
For Women

Part 1 – September 9
Part 2 – September 16

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Part 1

Considerations Just For Women

- Women tend to live longer than men
- Historically, women have earned less than men
- On average, women spend 11.5 years out of the workforce during their lifetime
- On average, women have significantly less retirement savings than men
Why it's important for women to begin now

- Likely sources of income at retirement
  - Personal savings
  - Social Security (?)
  - Pension (?)

- Benefits of compounding (time)
  - Lauren vs. Carol

- Considerations just for women
The Process

- **Calculate**
  - How much will you need in the first year of retirement (no handout)
  - How much will be needed, in total, at the time of retirement (worksheet handout)
  - Annual & monthly amounts needed to be periodically invested (worksheet handout)

- **Select appropriate mutual funds** (ranking handout)

- **Monitor the plan**
How Much Will You Need

- Assume you retire today
  - How much would you need in the first year
    - Adjust normal needs for retirement
      - Mortgage paid off, no more college tuition, etc.
      - Travel, golf, etc.
  - How much must you accumulate at retirement
    - Based on number of years in retirement
    - Assumed rate of return and inflation
  - How much must you invest each month or year to accumulate the retirement fund.
Part 2
Selecting Mutual Funds

- Establish selection criteria
  - 10 year track record
  - 10 year return meets / exceeds desired rate
  - No sales load
  - Operating expenses must be 1% or less

- Apply selection criteria and find at least 5 funds in 5 different peer groups (for this activity use the February 2008 issue of Money magazine).
Determining Cumulative Return

- Multiply the 10 year return on selected funds with the amounts being invested in each fund as a % of the total. e.g.,

<table>
<thead>
<tr>
<th>Mutual Fund</th>
<th>10 yr. return</th>
<th>% of monies invested</th>
<th>expected return</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund A</td>
<td>8 %</td>
<td>40 %</td>
<td>3.2 %</td>
</tr>
<tr>
<td>Fund B</td>
<td>10 %</td>
<td>30 %</td>
<td>3.0 %</td>
</tr>
<tr>
<td>Fund C</td>
<td>9 %</td>
<td>30 %</td>
<td>2.7 %</td>
</tr>
</tbody>
</table>

Your total expected return = 8.9 %
Selecting Mutual Funds

- Other criteria
  - Green funds
  - Faith based funds

- Apply the same selection criteria