



BOGGS & CO.
WEALTH MANAGEMENT



THE PROFESSIONAL WOMAN'S WEALTH BLUEPRINT



INTRODUCTION

In today's world, women are reshaping the financial narrative, stepping into leading professional roles across sectors, and setting new standards for wealth creation. This blueprint is an all-encompassing guide that empowers them to take control of their wealth, work toward financial independence, minimize financial mistakes, and design a comfortable future for themselves and loved ones.

WOMEN ARE IN CONTROL OF THEIR WEALTH

Women demonstrate a unique approach and perspective in managing their finances. They must embrace their financial prowess and take full control of their wealth, regardless of their position—single, married, or in a partnership.

Women tend to prioritize security and impact when making financial decisions, preferring investments that generate stable income and contribute positively to society. This risk-averse attitude may help maintain financial stability.

However, considering higher-risk investments when appropriate may yield higher returns over time, providing sufficient assets for their statistically longer lives. Due to their unique situation, they are encouraged to:

- Understand their financial situation
- Seek professional financial guidance
- Create a diversified investment portfolio tailored to their needs
- Regularly review their financial plan
- Adapt strategies to changing life circumstances

Professional women often have unique circumstances that may impact their wealth creation and legacy planning. Working with a financial professional who specializes in working with women can help address these needs.

1. Managing complex compensation packages

As professional women rise the career ladder, their compensation often becomes more complex, with elements such as stock options, Restricted Stock Units (RSUs), deferred bonuses, and other forms of compensation. Understanding and managing these forms of compensation can greatly contribute to wealth building.

- **Stock options** – Allow employees to purchase company shares at a predetermined price, allowing them to benefit from the company's success.
- **Restricted Stock Units (RSUs)** – Company shares granted to an employee that vest over a specified period.
- **Deferred bonuses** – This compensation is often a portion of an employee's income held for payout at a future date.

These forms of compensation provide opportunities for significant wealth accumulation, especially in successful companies. However, they can also expose one to company-specific risks. For example, if the company fails, it may lose significant value or become worthless.

In addition, liquidating these forms of compensation poses tax consequences. For example, if the employee receives stock compensation at a low-cost basis and then liquidates it at fair market value (FMV), taxes become due. Therefore, it's crucial to have a diversified investment portfolio and tax strategies in place to help balance this risk.





2. Tax Planning Pressure: Higher income, higher tax brackets

Higher income levels often lead to greater tax complexity. One of the problems is falling into higher tax brackets as income increases. Higher income levels are generally accompanied by higher tax obligations, which could mean a significant portion of one's hard-earned money is funneled towards taxes.

To minimize tax liabilities, effective tax planning is paramount. The aim should be to reduce taxable income, increase tax deductions, take advantage of pre-tax retirement savings plans, and claim all available tax credits.

- **401(k) and IRA** – Contributing to tax-deferred retirement plans, such as a 401(k) and an IRA, can be a great starting point. Traditional 401(k) and IRA contributions may reduce taxable income by contributing the maximum amount allowable each year.
- **HSAs and FSAs** – Taking advantage of Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) for healthcare and other permissible costs can help offset one's taxable income.

Tax planning tip: When owning a business or working as a freelancer, it's advisable to collaborate with a financial and tax professional. They can effectively help manage one's taxes by identifying eligible deductions and recommending strategies to minimize tax liability.

Potential missed deductions

A common pitfall in personal tax planning is overlooked deductions. These are expenses that can be written off on one's income tax return, reducing taxable income. However, a tax professional must determine which applies to one's situation.

- **Home office deduction** – One commonly overlooked deduction is the home office expense deduction. If self-employed and operating a business from home, expenses related to that space may be deductible, but only if the space is used exclusively and regularly for business purposes. These expenses may include a portion of utilities, home insurance, and mortgage interest or rent.
- **Vehicle expense deductions** – If a personal vehicle is used for business purposes, it may be possible to claim auto expenses such as fuel, insurance, and maintenance. However, be careful to account only for mileage related to business activities and keep mileage records and receipts for tax purposes.
- **Professional development and education** – Expenses for professional development and continuing education to improve skills for a current job may be tax-deductible.
- **Charitable donations** – Eligible for tax deductions are cash donations and the fair market value (FMV) of donated securities. Due to the complexity of donating securities, consult with financial and tax professionals beforehand and verify that the organization is a qualified, IRS-recognized nonprofit.

The above are just a few examples of potential missed deductions.



3. Retirement catch-up: Overcoming setbacks

Life events such as divorce, career breaks, caring for children, or caring for other family members can significantly impact retirement savings. In such cases, a retirement catch-up strategy becomes essential.

- **Maximize contributions** – When able, maximize retirement savings contributions.
- **Catch-up provision for over age 50** – Make additional contributions beyond the regular max contributions. Time is limited before retirement, so use the IRS catch-up provision.
- **Home considerations** – Refinancing or downsizing one's home may provide funds to help increase retirement savings.
- **Divorce** – Leveraging divorce settlements toward retirement savings may be an appropriate strategy.

It's vital that professional women work with a financial professional to create a blueprint for overcoming obstacles that may hinder their wealth accumulation strategy. As every woman is unique, so will be their blueprint.

4. Legacy concerns: Protecting wealth for family and charitable needs

For many women, wealth is not just about personal fulfillment and financial independence. It's about creating a legacy that supports their family's well-being and enables them to contribute to charitable causes they are passionate about. There are numerous vehicles to help work toward wealth preservation:

- **Trusts** – Certain types of trusts may help preserve wealth by shielding assets from creditors, lawsuits, and divorce, while allowing the control of how beneficiaries receive assets. There are numerous types of trusts, making financial, legal, and tax counsel vital before establishing one.
- **Donor-Advised Fund (DAF)** – A DAF is a philanthropic vehicle that allows one to contribute to and distribute funds to nonprofit organizations of one's choice. Establishing DAFs is one wealth management tool that can help increase philanthropic impact while also providing significant tax advantages.

Incorporating a blend of these strategies helps to create a balance between wealth accumulation, preservation, and effective, meaningful distribution.

5. Financial independence: Drafting the plan, minimizing mistakes

Another focus in the wealth blueprint for professional women is financial independence. Financial independence means having enough wealth to live without worrying about money. For some, it means gaining the power to make independent decisions, not influenced by a partner or financial constraints. To work toward financial independence, a comprehensive personal financial plan is necessary. A comprehensive financial plan is crucial for monitoring income and expenses, saving methodically, investing appropriately, and managing risk effectively. The plan must be flexible, allowing adjustments as financial circumstances change over time.

In addition, the plan must include:

- **Establishing an emergency fund** – Failing to have money set aside for emergencies can be a big mistake. Life is unpredictable, and having a safety net in terms of an emergency fund can protect one from unforeseen financial troubles.
- **Avoiding high-risk investments** – Without proper research and understanding, many people are lured by the prospect of quick wealth accumulation through aggressive investment tactics. These may lead to significant financial losses that are hard to recover from.
- **Engaging in retirement planning** – Neglecting retirement planning can lead to financial distress in later life. It's crucial to start early, save consistently, and invest wisely to build a retirement fund that lasts a lifetime.



WHY WOMEN WANT THEIR OWN FINANCIAL PLAN

Today's woman is intelligent and fiercely self-sufficient. She's not just an equal player professionally; she's also harnessing her power and proficiency to chart her own financial destiny. In this context, a personalized plan is a quintessential tool for various reasons.

- **Empowerment** – Financial planning can lead to independence, which ultimately translates into empowerment. Having an independent financial plan helps one to make informed decisions, enhancing confidence and self-esteem.
- **Long-term financial independence** – The assurance of a financially independent future is a key reason for having a financial plan. It provides a clear roadmap for saving for retirement, investing appropriately, and working toward long-term independence.
- **Personal goals** – Financial planning helps one work toward their personal goals, such as buying a house, starting a business, or splurging on a dream vacation. With a well-thought-out plan, these goals become attainable and less daunting.
- **Independence during life transitions** – Life is unpredictable. Amidst changing life stages and circumstances: marriage, parenthood, career transitions, a plan is a reliable guide for navigating them smoothly.

A contingency plan for when things go wrong

While we hope for the best, it's wise to prepare for the worst. A comprehensive plan includes contingency strategies for unforeseen situations.

- **Divorce** – A split from a spouse often leads to a significant drop in income and possible legal costs. A well-crafted contingency plan with provisions for emergency funds and asset division may help alleviate financial stress during such a challenging time.
- **Death** – The death of a spouse or the main breadwinner in the family can be devastating, both emotionally and financially. Life insurance, emergency savings, and estate planning can help protect the financial future of surviving members.

In conclusion, a comprehensive approach to wealth management is possible. By taking control of one's wealth, understanding and managing complex compensation, planning for taxes, preparing for retirement, and having a contingency plan, professional women can work independently toward their financial future.

I help professional women shape their own wealth blueprint, based on their goals, values, and circumstances. Contact a financial professional today to get started.

Sources:

- Building Wealth: Insights on Women's Aspirations & Growing Financial Power | CFP Board Center
- 6 Obstacles Women Face While Building Wealth | Yahoo! Finance

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