FUTURE-PROOF YOUR FINANCES

Nearly 70% of women lose sleep over money worries, from debt and medical expenses to retirement. But rest easy: This guide will make sure you—and your bank account—are ready for anything that's thrown your way.

BY KATE ROCKWOOD

FUTURE YOU: THE DEVOTED CAREGIVER

"People in their 40s, 50s, and 60s have a trio of obligations to worry about—college for their kids, retirement savings for themselves, and caring for an older parent," says Jean Chatzky, financial expert and author of *Age Proof*. "You can borrow for college if you have to. You can kick retirement savings down the road a few years if you must. But when it comes to aging parents, you often can't put it off, and you can't exactly say no." And we don't. Nearly 30% of Americans with a parent age 65 or older help Mom or Dad out financially, according to the Pew Research Center—and that's actually more common in lower-income households.

$ MIND YOUR MONEY You may not need to know every bank password and outstanding bill at this point, but you do need to know what your parents want life to look like as they age and whether you'll be on the hook to help, says Chatzky. "People tend to avoid these conversations, so I suggest the 70/40 rule. When a parent hits 70 or a child hits 40, it's time to talk," she says. Lean on a pro to make these chats less awkward. Start by calling the investment firm

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that houses your parent's IRA or 401(k)—many offer simple and free retirement online tools. Or search the Garrett Planning Network (garrettplanningnetwork.com), which has a database of fee-only financial planners who charge by the hour without long-term commitments. A financial planner can also help create a checklist of paperwork to pull together, such as power of attorney forms, and designate beneficiaries on bank accounts, investments, and insurance policies.

LONG-TERM TIP Resist the urge to quit your job to care for an aging parent—even if it feels like most of your paycheck is covering the cost of a home health aide. "There are so many added benefits to working—your health insurance, your employer's 401(k) contribution—that it can be very expensive to step away," says Kathy Murphy, president of personal investing at Fidelity Investments. She recommends that new caretakers consider other options, such as a short-term sabbatical or going part-time, instead of quitting.

Whether or not you're working, you shouldn't shoulder the cost of caregiving alone. Though daughters are more likely to provide hands-on support than their brothers, all siblings should sit down and discuss who will pay for what. Chatzky suggests dividing recurring bills so someone is in charge of each one rather than trying to split total monthly expenses. The AARP Foundation (aarp.org/aarp-foundation) can connect you with government programs to help aging adults with everything from medical expenses to energy bills.

FUTURE YOU: SUDDENLY SINGLE

Women outlive men by nearly five years on average in the U.S., and late-life splits have spiked in recent decades—the divorce rate for people 50 and older doubled between 1990 and 2010 (for women 65 and over, it tripled between 1980 and 2008).

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MIND YOUR MONEY The time to become actively involved with your finances is now. "If you don't know what's going on financially, having to step in when you're under the stress of divorce or the death of a spouse is really, really tough," says Chatzky.

Sit down together for a financial checkup: How much does your partner make (10% of people get this number wrong by $25,000 or more!), how much do you have in savings and retirement, where is the money invested, and what are the log-in credentials for all the financial accounts? Then, if you don't already have them, think about opening up your own bank account, credit card, and retirement savings. "This forces you to keep an active hand in managing your money—and it means you can save more for retirement," says Chatzky.

LONG-TERM TIP Whatever circumstances leave you single, financial experts agree that the smartest money move you can make in the immediate aftermath is this: Do nothing. Don't sell the house. Don't invest the inheritance. Don't quit your job. "Try not to make any major decisions for at least a couple of months—ideally a year," says Michelle Singletary, personal finance columnist and author of *The 21-Day Financial Fast*. Reorienting to a new reality takes time, and rushing may mean you make decisions you (or your wallet) will regret. Singletary suggests reaching out to a budget counselor from debtadvice.org and whomever you turn to for emotional support: "When everything's a mess, coming up with the new budget is pretty straightforward. It's dealing with the sadness, the loss, and the resentment that makes it hard to adjust to and stick to the new plan."

FUTURE YOU: TIME TO DOWNSIZE

Just 25% of pre-retirees in their 50s feel financially prepared to fund a retirement that lasts even 10 years.

"Many people think retirement is something that's going to happen far off in the future," says Singletary. "But health problems, reorgs, or layoffs could all result in job loss—and you're not guaranteed to get a new job or one that pays as well." While more than half of workers say they expect to still be working after they turn 65, less than 15% of today's retirees actually managed to keep working that long.

> 81% of people aren't sure how much money they need to fund their golden years.

MIND YOUR MONEY "Too many women are good savers but have no confidence investing," says Murphy. "But if you're just putting money in a savings account, you're actually losing money," she says, because of inflation. Instead, take a close look at your 401(k) or IRA. How is your money invested? Does that level of risk tolerance still make sense? Could you bump up your contributions in case you have to leave the workforce five or 10 years earlier than expected? Running those numbers can be hugely motivating, she says.

LONG-TERM TIP If you do leave work early, "keep looking for that new job, but reduce your spending right away," says Singletary. Also, Chatzky points out that more people in their 50s and 60s are padding their wallets by driving for Lyft or renting out a spare room through Airbnb.

Extra money aside, you may still need to consider moving to a smaller house to save on mortgage and maintenance, tapping into the equity of your current home, or even taking Social Security earlier than expected. "When our plans change, it can be very stressful to try something unfamiliar," says Chatzky. "But you want to make sure you have the right information and tools to make a rational decision." Your 97-year-old self will thank you.

What to Do With an Inheritance

Financial expert Jean Chatzky's steps for managing a windfall.

1. **SPEND A LITTLE** Go ahead and let yourself splurge with 10% of the money. "You could take a trip to honor your loved one or buy a special piece of jewelry in remembrance," says Chatzky.
2. **PAY OFF DEBT** The bulk of the money should go toward paying off high-interest debt (like credit cards), then into a bank account until you've saved six months of living expenses.
3. **INVEST THE REST** With any extra cash, max out your retirement savings before you pay off your mortgage. "Homes tend to be cheap debt," says Chatzky. "But if you invest the money—especially if you get a company match—you could end up with a healthy nest egg."