GPSolo Podcasts - Brown Bag Series

Overcoming the Top Challenges Women Face When Saving for Retirement
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Operator: This is Conference # 1294767.

Operator: Good afternoon. My name is (Ian) and I will be your conference operator today. At this time, I would like to welcome everyone to the Overcoming the Top Challenges Women Face when Saving for Retirement conference call.

All lines have been placed on mute to prevent any background noise. After the speaker's remarks, there will be a question-and-answer session. If you would like to ask a question during this time, simply press star then the number one your telephone keypad. If you would like to withdraw your question, press the pound key. Thank you.

Ms. Ginger Brennan, the floor is yours.

Female: (Gwen is first.)

(Gwen): Yes, I am. All right. Welcome to the ABA's Solo Small Firm and General Practice Division’s live Brown Bag podcast. For those who are regular listeners, we’re transitioning our name from “Brown Bag” to “Live Podcast.” So, don’t be alarmed when you hear that. You’re in the right place.

Today's presentation is Overcoming the Top Challenges Women Face when Saving for Retirement. Our speaker today is Ginger Brennan. She is the national director of sales and marketing at the ABA Retirement Funds. The program today will outline the unique obstacles that women face on the road to retirement as well as provide helpful information for overcoming these challenges.
Ginger is the national director of sales and marketing for ABA Retirement Funds Program. She is responsible for setting and driving the sales strategy for the program and oversees the sales efforts and training for the entire program for the sales team across the United States. She is a veteran to retirement plan field and she brings more than 30 years of experience in sales and sales management.

At this point, just to remind everyone, we will have at the close of the (report) period, so save – say we will also at that point also remind you how to ask a question. At this point, Ginger, the floor is yours.

Ginger Brennan: (Gwen), thank you and good afternoon everybody. Thanks so much for joining us today. Yes, it is true, women face some unique challenges in retirement. And for those of you that have the slides in front of you, we will be going through those. If you don’t, don’t worry, we will explain everything that I'm going to be speaking about.

But the one thing I'd like you to walk away with today is this idea of saving like a girl. For those of you who may remember, Mia Hamm from the soccer team – the Olympics soccer team years ago, there's a quote on the slide that says, "My coach said I run like a girl. I said if you run a little faster, he could too."

So, we would like to think that saving like a girl actually becomes the milestone and the best way that people can save. Women do face unique challenges and it’s important that we understand those and plan for those as we go through our careers.

So, why would women make great savers and why are they well poised for success? First of all, according to a study of recently published, the women-owned and led businesses, which includes law firms certainly, are the fastest growing new segment. It is an area where women really are taking the charge.

And when it comes to investing, generally, women outperform men. And there are some reasons for that, which we'll talk about in a bit. But generally, women in general tend to be a bit more patient and a bit more deliberate in
making your choices, which can lead to better long term investment performance.

And in addition, overall, women usually have higher credit rating than men. They tend to take out a bit less debt and they tend to pay it off more quickly, which really can help them. It's a very good pattern to have as you move towards retirement.

For those of you following along, we’re now turning to Slide 4. Let's look at the challenges that women face. And there are many of them. We’re going to focus on five today. The women are poised to be very good savers. Here are some of the roadblocks that really can get in the way.

Big one is career interruption, meaning that women will start in the workforce and they leave for – to become a mother, to have other responsibilities, other career distractions. And we'll talk about some details as to why that can really help with retirement – be a big hindrance to retirement savings.

Secondly, a lot of women don’t even have access to a retirement plan, meaning that they don’t have an employer-sponsored plan that they – that they can rely upon but rather they need to (see) many times have to do it themselves.

Third is look at the big issue and this has been something that’s been in the industry, in the news, for a while is women still aren’t making as much as their male counterparts. So, we'll talk a little bit about where that pay gap is and what's happening, but that still is a problem.

The next one could be a pro and a con, depending on the day, which is women generally are less aggressive investors. And sometimes that can be a good thing and sometimes that can be a bad thing. So, we'll talk some more about what types of investment vehicles may particularly appeal to women.

And a big issue that women face is we’re living longer. Many of the nursing homes these days are primarily filled with women. So, women have a much longer retirement time period. And therefore, they have to save more. Yet,
what's happening right now is that they’re actually saving less. So, we need to really turn that – turn that dynamic around.

Then for those of you who are following along, if you turn to Side 5, career interruption is a big issue with women. So, what you see here is first of all the (C-suite) or the partner side. There tends to be less women than men.

And in fact, the ABA has recently launched an initiative that talks about really examining why women are leaving the (law firm) to be announced on that at some point in the future. But one of our ABA Retirement Fund board members actually is on that – is a co-chair of that commission and it’s something the ABA takes very seriously as well.

But if you’re looking at the slide, you'll see that if you take one year out of your career, so let’s say you step out, maybe had a child or take care of some other family needs, you tend to lose about 4 percent of your overall lifetime earnings, which certainly possibly can be made up. But if you take more than three years out, you'll lose 46 percent of your lifetime earnings.

So, women that step away for a few years, particularly in mid career, really can impact their overall – their overall lifetime earnings because they find it more difficult to get back in. And obviously, stepping out of the workforce is something that’s a career decision for any woman or anyone, but there may be some things you can think about to continue to be involved, which is to continue to really accumulate assets towards your retirement. That three-year gap is a big one, 46 percent of your earnings.

So, let’s look at what some possible solutions to that would be. Again, not for everybody, but there are some solutions that might be helpful. So, if you’re looking to – you want to step away, a big thing is we find with women it’s really important to have a plan. So, I am a mother of three kids.

And one of the first things that I told them to do – two of them are out in the workforce – is it’s really important really from the beginning to think about your retirement, make sure that you’re getting to a retirement plan if you can and make sure that you plan for the unexpected.
So, if you are looking to take time away from the workforce, make sure that you have some type of a plan as to how you were going to continue to be saving for retirement during that time. It may not work out perfectly but certainly have a plan. If you have a financial advisor, you could be working with that financial advisor on this plan as well.

You should be aware as to how these career interruptions can really affect your long-term career and also your retirement. So, just be aware – be aware of what the ramifications are as you take time away from the workforce. Have a plan as how you’re going to re-enter if you are considering re-entering. So, if you think you’re going to take a year off or two years off, at least have a plan as to how you’re going to get back in.

I remember when I had my children, writing a plan is to when I intended to come back to work, not really knowing if I was going to or not. I ended up – I didn’t – coming back, but having that plan gave me a feeling of more control.

Consider staying involved in the career if you take – if you’re taking a long time away in some type of capacity. So, could you be more of a – as a part time, volunteer, work through the ABA, do something to continue to stay involved in the legal industry as you take extended time away to take care of your children, et cetera.

The next one is a biggie. We do find that women in general tend to be more shy than men in asking for raise or their promotion. And there are certainly many reasons for it. No one likes to be denied or rejected. But think about asking for a raise or promotion before you even think that you’re ready to do so.

So, if you don’t think you’re quite ready, that may be the best time to go in and say, "You know what? This is what I want to do. I'm looking for a raise. I'm looking for more responsibility." It might be the time to do it, which could help cover a time when you’re going through a leave you can come back at a higher level.

When you come back to work, consider making up for your lost savings – your work savings during that time away and increase your savings. Again,
this hashtag, “save a like a girl.” We want to be – we want to have women really be the model to how to successfully save for retirement. And it may be that you have to do some catch up there.

So, the last one is really be proud of yourself. I see women in the legal industry and certainly in the industry in general that are balancing an awful lot. They’re balancing career. They’re balancing motherhood. They’re balancing taking care of elderly parents potentially. And there's an awful lot that we are balancing in which we’re proud of all of the decisions that you make if you need time away to take care of your children, parents, whatever. That is a personal choice and something that you should be proud and confident in.

The big thing is awareness. Just know that if you are stepping away for a period of time that it can impact your long-term career and it can impact your retirement savings. Having a plan – having a plan is always a great idea to make sure that you have some control over what the outcome is going to be. So, that’s the first challenge.

Second challenge is reduced access to a workplace retirement plan. And we’re now in Slide 7 for those of you who are following along. But this is one area where the ABA really has done a fantastic job. Only 13 percent of small firms sponsor a retirement plan for their employees. However, in the legal industry, the ABA retirement funds have offered solution for any size firm, including solo firms.

So, if you sponsor or if you are a solo practitioner or if you’re in a small firm and you don’t have a plan, there certainly is a solution available to you through the ABA and that’s something I'll touch upon at the end. But it really is one – a member benefit that the ABA really had a lot of foresight and offering to its members.

But back to the challenge, the challenge is if you don’t have access to a plan in your workplace, many women are impacted by that. Many women tend to work part time and they will work for firms that are small and don’t have
plans. So, that again can really have a negative impact on women as you move through your career if you’re not having any opportunity to save.

So, what can you do? Well, if you turn to Slide 8, “Take control, save like a girl. Steps that you can take to maximize your financial outlook.” So, if your employer, your firm, has a plan, make sure that you’re getting into it. So – and if they don’t have one, see if they’ll start one.

So, it is a fairly easy undertaking, particularly because of the solution available to the American Bar Association to offer a plan. It is important that you get into a plan as soon as you can. Saving through some type of a workplace plan is the easiest way to save because generally it’s done just by payroll deduction and it’s quite easy.

If your spouse has a workplace plan, make – consider if you don’t have it, see if your spouse will increase his or her contributions to the plan so that you can, as a couple, be successfully saving for retirement. So, you need to look holistically if you’re married and your partner has a plan. You need to look holistically at your overall financial picture. And that’s what we see many times is one spouse may not have access to a plan. So the spouse that does increases the contributions that he or she has available.

Third point and I would say is just a really good overarching theme is talk to a financial professional in general. If you have a financial advisor, just keep talking to that person. One of the things that we found in our surveys is that people that have access to a financial advisor and are talking to them are much more successful in saving for retirement. And the reason for that is there is a dialogue. It’s at the front of their mind. They may have a quarterly or an every six months call with their financial advisor just to make sure that they’re on track.

If you don’t have access to a qualified plan, a 401(k) plan through your firm, you also could look to open up an individual retirement account. That’s something that you can do as an individual.

Another thing you can do is look for flex time. Many times if you’re doing flex time at a firm, they also will offer you the opportunity to either participate
in that plan or you could start your own retirement plan. We have plans through the ABA retirement funds where again they’re solo practitioners.

Sometimes they’re even of (counsel) employees. So, they’re someone who is retired from a firm yet still wants to have some – save some income in their retirement. They set up their own plan. There is no upfront cost for it. It’s a very convenient way to continue to save for retirement. Again, awareness is the key, awareness and planning. Make sure that you are aware of what the options are out there and that you continue to revisit them perhaps with the aide of a financial advisor.

The third challenge that we have is – and this is a big one is that women still aren’t making as much as men. So, what we found in the last – probably 10 to 15 years is that firms have done a great job in trying to make sure that there is gender equality as far as the number of employees and the firm. But the gender pay is still enormous.

If you look there, the female to male wage gap – we’re now on Slide 9, for those of you following along – is tremendous. It’s generally anywhere between 79 to 83 cents in $1 is what a woman makes to what a man makes. And there can be many reasons for that. A big piece of this is that women do leave the workplace – can leave firms at a time. And when they try to come back in, they’re not asking for the same amount of money potential that they could get.

So, this is not something that’s going to be solved immediately. But it’s something that we certainly need to keep at the forefront to make sure that women are paid exactly – what they’re worth. And you, as a member of a firm or as a maybe a firm owner – firm owner yourself, have some things that you can do to help close that gap.

So, moving to Slide 10, what can you do to make sure that you are being paid what you’re worth? Again, this is not something that’s going to be solved on a Wednesday afternoon, but it’s something that we can make aware so when we continue to ask for and get what they’re worth.
First step for anything these days is data. If you can have data, you should consider benchmarking your salary and come up with some talking points as to why you need a raise. So, there is a site called payscale.com and you can actually put your information into the site. You can look to see what you’re worth within your particular geographic area. And it’s always great to come when you’re asking (to have) position of strength and having some data behind you. So, we recommend that you look at that if you choose to.

Also, your money, pay yourself first. So, if you have the opportunity to participate in a retirement plan, get into it, reduce your debt, increase your retirement plan savings rate. I know it’s hard. It’s very (difficult) particularly for we find younger lawyers when they’re coming out of law school and they have debt.

Yet we do encourage them to save and try to continue to increase the rate of savings as you move along through your career. I'm not saying it’s not difficult. It’s pretty difficult, but it is something that will help you move towards a successful retirement.

There's also a lot of tools out there that can really help you find out how am I doing. If I'm 25 or 35 or 45, how am I doing compared to my peers? And I do want to let you know of Voya Financial, which is the firm that I work for, has a great free online tool called CompareMe. And for those of you that are on the slide, it’s www.voya.com/tool/compareme.

And what you can do is look to see how you as an individual compare to your peers. So, people who are in your geographic area, people who are in your field, people who are your age, how much have they saved for retirement, how big is their mortgage. It’s a great way to really see how you’re stacking up compared to others.

And then lastly, I would say no matter what, know what you’re worth. Sometimes we do see particularly with women is that they will take part time work when they want full time work. They can figure out the childcare. They
can figure out other types of responsibilities. And if you want full time work, go for it.

The second thing is don’t settle for a lesser job just because you took time off to care for your family. It is important, obviously, that women who choose to stay home with their children do so. When you come back – again having raised three kids of my own – I will tell you the lessons that you've learned raising children are irreplaceable and that translates – and that can translate into success. And don’t request pay that than what's warranted. Ask for what you’re worth. It really is important because that will help you in the overall savings rate.

The – so now, we'll talk about savings rate. We've talked about salaries. Let’s take a look at what our fourth challenge is, which is in general women are less aggressive investors. And again, this is an overall – an overarching data point. This is not that there aren’t women who are aggressive investors. What generally we find is that there is a tie between a more aggressive investor and having confident in your retirement savings.

So, generally – again, this is generally – many women are less confident about their financial knowledge than men. Many of them have let their spouses take that role. They understand everything about retirement and the retirement account. So, we really want to make sure that women understand the basic financial concept and – because the more that you know, you will tend to be a bit more properly invested.

Our data has shown that roughly 60 percent of women don’t feel confident about their retirement savings. Looking back at our previous challenges, we have take time out of the work place, they don’t feel they’re being paid what they should, and they’re not confident. So, what can we do to really kind of turn that dynamic around so that women can feel more confident?

And I would say the number one thing that you can do is talk to somebody. We find that women or men who speak to a financial advisor on an ongoing basis tend to be – can save more and they tend to be considerably more confident that they are going to be moving towards a successful retirement.
So, if you have access to a financial advisor, you should be talking to them.
One of the things that the ABA Retirement Funds has done is made an advisor available to every participant in the plan – of every employee actually within the firm that offer the ABA Retirement Funds program just so they can have the conversation because it’s really important that you have somebody that you can speak to about financial needs.

And other ways that you can do it is asset allocation funds. If you have available – if you’re in a plan, you may have available to you what are called target date or asset allocation funds, which basically do the work for you. They diversify your assets so that you have your money work for you versus, for example, sitting in a money market account.

So, if you’re in a plan, you can look up to see if you have asset allocation funds or target date funds. That can make investing a heck of a lot easier for any participant within the plan. Also make sure that you’re taking advantage of planning tools. There are so many planning tools online right now for your 401(k), through your IRA, through virtually every single mutual fund company or investment provider out there.

There are so many tools and use them as many of them are free where you can just go online and just put in some information about yourself privately and come up with, "What do I need to do? Do I need to increase my savings?” as an example. If I'm putting five percent away in a plan, do I need to put away 10 percent so that I have a successful outcome?" So, it is important to use all the tools available.

And the last one, as I've mentioned, is speaking to a financial advisor. It’s really important to have a relationship. And we found that particularly women do an awful lot better when they have the opportunity to speak to somebody one-on-one, not just once but on an ongoing basis. So, if you need access to a financial advisor, we can certainly help, but there are many, many out there. And take advantage of those tools available to you.

The other thing that’s interesting is to close out on the investment side is that women who tend to get investment advice then tend to outperform men. And
the reason for that, we believe, is because women tend to be a bit more methodical in how they invest, which is basically a way that you can determine success.

Investment should not be emotional. You should not be knee jerking, moving things out of the market, which women (tend) not to do. So, once you get some investment education, women tend to do better, which is great news considering that the need is there.

So, let’s move on to our last challenge, which is that women are living longer than men. And this is just the way that it is, the reality out there. So, the good news is we’re living a lot longer. The bad news is that (inaudible) longer because we’re living longer. For those of you out there, you'll see that people's average life expectancy is increased. You’re finding many more widows out there in a much longer length of being in widowhood.

And for those of you on the slides, we’re now on Slide 13. You'll see that 82 percent of nursing home patients, 85 years or older are women. So, women are absolutely living longer than men and they need to have a retirement that will last longer. So, not only do we need to make sure that women are saving more and saving longer, we need to make sure that they’re taking advantage of every tool that is available to them.

So, women are living longer. That’s great news, right? More time with your grandkids or your family, but let’s make sure that you’re taken care of financially. So, here’s a step that you can do. Again, for those of you following along, we’re in Slide 14.

Here are the steps that you can take to maximize your financial outlook. There is nothing more powerful in closing that savings gap and saving early and often. And as I said earlier, I have two children in their 20s. And as soon as they were out of school, out of college and got jobs, I said get into your 401(k) plan if you can.

The data shows that the earlier that you get into a retirement plan, your likelihood of success in having a secure retirement goes up markedly. So, if you’re younger, please, please, please start saving now. Or even if you’re not
younger start saving today. Save as early as you possibly can. And as I mentioned earlier, through a 401(k) plan or a retirement plan in the workplace, it is absolutely the easiest way to save for retirement.

Back to the financial advisor, you also should make sure that you have, if necessary, long term care disability. Make sure that you’re completely prepared for the unexpected. Again, one of our studies have shown that women tend not to do that as well as men. And it’s really important that you save – and that you save – excuse me – that you speak to someone to make sure all of your needs are taken care of.

And the piece of that also is understanding the governmental programs. Medicare, Medicaid, they’re incredibly complex programs, (but) it’s important that you understand. And this is also where an advisor can help you. Social Security, how much do you want to be getting from Social Security? Another important piece of information to have as you look towards retirement.

Like all of our other challenges earlier, awareness is the key, so knowing what your options are, continuing to talk to someone. I do want to put a particular highlight on the (catch up) contribution. So, if you have an IRA or if you have a 401(k) plan and you’re over age 50, you can put away more money. You can put away money – another $6,000 a year. So, if you haven't saved as much as to this point, maybe you've paid off loans, et cetera, this is an opportunity to do some catch up as you move closer to retirement.

So, we've talked about many things today, but I hope that the hashtag, save like a girl, comes in to your heart and that we really start making sure that women are better prepared for retirement. But in summary, let’s look at what the issues are and how we can overcome them.

The first thing is career interruptions. We know it impacts earning potential and also could impact your retirement. Create a plan, if you’re taking time away from the workforce, make sure that you’re – you got a plan both financially and personally.
The second challenge is many women don’t have access to an employer-sponsored retirement plan. So, what do you do about that? You can start your own plan or you can encourage your employer, your firm, to start a plan and there is a benefit available through the ABA that can help you do that.

The third challenge is women still aren’t making as much. We talked about roughly 80 cents or so in a $1 that women are making for their male counterparts. Benchmark your salary. Know what you’re worth. And if you – if you deserve more money, ask for it.

The fourth is women are less aggressive investors. They tend to be more tentative. They tend to be less confident. We talked about financial advisors. If you don’t have one, it is a great resource for you to talk to someone to really figure out how aggressive should I be.

And then our last challenge, which is just the fact, is that women are living longer than men. So, you need to save early. You need to save often. You need to continue to have the highlight on your retirement plan as you move through your career.

So, what I’d like to do now is to give you a bit of an overview about – I mentioned there is a member benefit available through the ABA and it’s called the ABA Retirement Funds program. A bit about it is that all of the work is done for you and for your firm. So, the ABA retirement funds program was started over 50 years ago. It – we now enjoy having almost 4,000 law firms as clients.

A third of which, by the way, are solo practitioners. So, these are solo practitioners that didn’t know they could have a plan and we set up a plan for them. There are no out of pocket fees to your firm for doing so. It’s overseen by a board of 13 attorneys. And they are – what they do is go out and find the best of the best fund managers, record keepers, et cetera, to make sure the plan runs smoothly.

But the biggest thing is that the board itself and (Mercer) Trust Company serve as the fiduciary for the plan. So, what that means particularly if you
have an existing plan is that someone else is taking on that liability for you. So, all of that can be outsourced.

So you and your employees can go about the practice of law versus having to worry about a retirement plan. And we'd be delighted to speak to any of you about your particular situation. But the takeaway from today really is save like a girl, continue to save more, be aware of what the challenges are, and know that there are solutions available to you out there.

So, (Gwen), with that, I've gone through my presentation. A little bit more quickly, people get a time dividend, but I would like to just open it up to any questions that we have at this point from anyone in the audience.

(Gwen): OK. Operator, could you please give the instructions for asking the question.

Operator: At this time, I would like to remind everyone in order to ask a question, you may press star and then the number one on your telephone keypad. Again, that’s star one on your telephone keypad. We’ll pause for just a moment to compile the Q&A roster.

(Gwen): Hey, Ginger, may I ask a question. How do you counsel – I mean there was a lot of people who experienced the economic downturn of ’09 and it lasted till this day in some segments. Saving is kind of hard.

And also, how do you help them – because there are periods for most lawyers of either unemployment or underemployment whether if you’re solo where you’re just not getting the clients or if you are with a regular job where you’re changing jobs and – you sit there and you say, "Well, be disciplined. Keep saving."

But what if you need to dip in to those savings to get by? I mean, how do they recover from that and getting through that period?

Ginger Brennan: It’s a great question. And it happens candidly not just – it happens every day. There may be times where you have to take a loan from your plan or that you have to dip into the savings itself. I would say the biggest thing to remember
is to get that saving early and often. So, as soon as you dip into that, don’t – use it for what you need to and then get back (on) the horse and start again.

I mean, a career is a long time. So, I would say whatever the – whatever savings rate you’re saying at right now and you need to dip into it as if you can possibly save more as a percentage, when you – as you mentioned, when you start getting clients in a more regular basis. So, it is fluid. And it is also why it’s important to have a financial advisor that can help you through that or there are times, as I mentioned earlier, where women in particular just take time away. Just make sure you plan for it.

(Gwen): Yes. And then there's basically not only our young lawyers have their own college debt, but some of the more senior lawyers still may have some of their college debt and now their children's, either private (school) or college debt. And how do you get them to like, "Oh, gee. I've got to get the kids to college and law school or whatever the kid is going to do." (That’s come) on a crucial time also with them dealing with retirement planning or taking care of elderly parents, which can’t be (funded) depending upon how their parents saved and …

Ginger Brennan: It’s – sorry.

(Gwen): Go ahead. I mean it’s just kind of a very (inaudible).

Ginger Brennan: It’s a (conundrum), right?

(Gwen): Yes.

Ginger Brennan: It’s a conundrum. And how we usually say is try to do a bit of both. So, it’s important that you are saying something consistently even if you start of at one or two percent. One of the beauty of the ABA Retirement Funds program is there is no administrative cost to the firm because many times they’re paying a lot just to set up a plan that’s to write a planned document, to get all that in place.

And the ABA has constructed a program where every dollar that a firm owner or a participant puts into the plan goes to work for them. And that’s one way
to make sure that you’re maximizing your retirement savings, but I completely understand.

I was actually at a GP Solo event a couple of years ago and there was a – someone there who probably I would say late 50s, early 60s, and has said he had three daughters. He paid for their college – they happen to all be lawyers – and then their weddings. And he said, "Now, I think I can start thinking about retiring."

So, it does happen. I would say though particularly for those who are listening who are younger just start saving something even if you’re paying back law school debt at the same time.

(Gwen): OK. And what – there are many different savings vehicles. Obviously, there are the ABA ones. But what other means of savings would you suggest?

Ginger Brennan: If you have access to any kind of workplace retirement plan, so if your firm has a 401(k) even with a different vendor, which is fine, just get into it. So, the best way in general and the least inexpensive way to save for retirement is through your own firm's qualified plans, will be the 401(k) plan.

If you don’t have that, then the second thing is to open up your own IRA, which you can do as well through your financial advisor. So – but any one is eligible for a plan who is listening to this right now, be it through the ABA or another vendor, make sure you’re in the plan. And one thing, retirement plans also offer matches so that, for example, your firm may say if you put in 4 percent of your pay they may match 4 percent of that. They may give you an additional contribution.

All of that information can be found in what's called the summary plan description. And if you work for firm, you could speak to the plan administrator of the firm. But if you have 401(k) available to you, you should be taking advantage of it.

(Gwen): OK. Now, they always hear different things like do we have a raw plan or what types of individual products could people get (inaudible).
Ginger Brennan: I'm sorry, (Gwen).

(Gwen): And do they need to mix their – like stocks, bonds or (CDs), all of those plans.

Ginger Brennan: Yes. It gets confusing. It gets confusing. That is why to try to keep it as simple as possible. We suggest that someone speaks to a financial advisor. But again, most advisors would say, number one, is if you have a 401(k) plan available through your workplace get into it. And as far as the – how you invest the assets that are within that plan, usually one of the those asset allocation funds that we mentioned earlier are the easiest because someone else is doing it for you.

As far as the – if you can’t do that, you can certainly do your own IRA, which is as you mentioned you can have what's called – you can do as a (raw), which means your after tax money or you can do a deductible IRA depending on your income.

But this is – this can get incredibly confusing. That’s why we suggest every single person is different. And someone is – talk to a financial advisor and say, "OK. What is the best in my situation?" But simplistically, if you have access to a 401(k) plan that should be your first go to, is to get into that plan.

(Gwen): OK. Operator, do we have any questions?

Operator: We don’t have questions at this time, ma'am. Please continue.

(Gwen): OK. All right. Now, let’s see. You can get into your employer 401(k) plan. That’s fine. If they have match, you use the match. But, how do you get your family on board with savings? I mean, let’s face it, you got kids who want stuff, (everybody has to have this) technology toy, techy one or two. Who doesn’t want that? Vacations, all of those great things, and your budget may not be all that great once you factor in all the loans and credit cards.

How do you say, "Gee. I don’t know if I'm going to live to be 80 and I want memories with my kids. How do we balance that out?"
Ginger Brennan: It’s a great question. And I will tell you I – it’s really important that we teach the younger generation to be savers. I'm really amazed in my career now, the health financial literacy. My youngest is a senior in high school and she is taking a financial literacy course, which I never would have – would certainly not have been available to me. She is at a small all-girls school, so, she is learning a lot about financial literacy and savings. So, I think it’s really keeping it as part of your family conversation.

You are 100 percent correct. Again, I mentioned I have three kids. I understand every toy that is available out there. And there are some times where we've just said no that we cannot – we can’t afford that one because we do need to be saving.

It is not an – it’s not easy, but it needs to be part of – in my experience, it needs to be part of your family conversations because it’s teaching your kids something that’s really a vital life lesson, which is they should be learning how to save from the young age themselves so that they themselves can have a successful retirement.

(Gwen): Yes. I mean we want – success and financial literacy is important with the kids. I think just as they hear it early enough that they'll understand your need. But sometimes the need for (a new iPhone) really doesn’t match that but …

Ginger Brennan: Yes. I would – I'm talking about – it’s an aspiration. There are definitely times when I personally get distracted and go, "OK. Let’s just – let's go and do this." But trying to do it side by side, trying to just consistently save something is really an important discipline I think that we can all teach our children.

(Gwen): And I mean, for me, it’s always easier (to take them out) of your paychecks so you don’t see it. So, if you don’t think, (you don’t) have access to it.

Ginger Brennan: That is actually why I so encourage savings to 401(k) plans because it is – it hurts the first time. It hurts the first time the contribution comes out of your paycheck, but then it doesn’t hurt as much as you go on and the money keeps accumulating. And if you were saving (steadily) particularly at an early age,
it can accumulate to incredible amount by the time you need to use it in retirement.

(Gwen): Yes. How low can people go with the ABA plan? Let’s say they work for an employer, he doesn’t have a plan or their plan is not terribly robust. Can they supplement with the ABA plan and how little a month can they put in or make a – put in once a year? How low can you go?

Ginger Brennan: How low – it’s a good question. The ABA plan will work for anyone who is a member of the ABA. If you’re working for an employer that doesn’t have a plan, you can actually set up your own plan through the ABA. We could certainly talk to you about that. So, there is no minimum contribution. Anyone can put in whatever that they can afford to.

And as I mentioned earlier, what the ABA has done really well is they have made sure that the product offering is very competitive, in particular, having no administrative fees that can erode the contributions that you’re putting in.

So, from a – if you’re in any type of a – if you’re a member of GPSolo, an eligible – an ABA member, the ABA benefit is – member benefit, the program is a great one to explore for retirement. And it’s uniquely prepared and created specifically for the legal industry. But if you are working for, let’s say, a larger firm that has its own 401(k) plan, just make sure you’re getting into that too.

(Gwen): Yes. I mean – because I'm just thinking like, OK, if someone was – there's a lot of young lawyers and even old lawyers (end up) period where they work as contract lawyers, which …

Ginger Brennan: Yes.

(Gwen): … or you’re not part of the employer's (plan). I mean you’re out there on your own.

Ginger Brennan: Yes.
(Gwen): And – but then there are times when you have – you’re part of other plans and they have also have to consider. Do you roll over – do you roll over any of those plans because you picked up the (gray) ones as you go …

Ginger Brennan: Oh, yes. Yes.

(Gwen): But is it better to let them ride where they are or combine them into one?

Ginger Brennan: There's really – there's no one answer for that. I mean what you generally want to do – we see a lot of people rolling into the ABA plan because the fees tend to be lower than the outside and many people like the simplicity of having, if you will, all their kind of eggs in one basket. That’s what many people tend to do, particularly when people are moving firm to firm.

If they've left one firm, they haven't left – and the best of circumstances, they generally don’t want to leave their 401(k) plans behind. They usually want to take them with them. But that’s, again, back to the conversation with the financial advisor. Every single person is different and unique. So, it’s important that each person have a plan as to how should they be getting through their career heading towards retirement.

And as you said earlier, what are the adjustments that had to be made because of unforeseen circumstances? It’s a – you’re in a time where you’re not getting as many clients or the market downturn or – all these things that happen everyday but how do you plan for that so that you can be best prepared.

(Gwen): Right. I mean because you know that life happens and you've got expenses. You need (braces) or even …

Ginger Brennan: Oh, yes.

(Gwen): … medical issues, all those comes up, and there's always stuff out – especially when you’re young, you’re like, "I won’t make it till 50," and then it happens. People get old. But no one ever thinks it will happen to them (inaudible) …
Ginger Brennan: Well, you’re very – you’re very astute. I call it the immortal complex, these young people, and I certainly was one of them where at 25 people at 40 looked old. So …

(Gwen): Yes. You’re already – they’re already on their way out, they should be retired by 40.

Ginger Brennan: Exactly. Exactly. So, it is why it’s – getting it as part of your DNA, if you will. I mean my kids didn’t have a chance because their mother was in retirement too. So, they knew that as soon as they started working they better start saving for retirement. And that’s why I think it’s important …

(Gwen): Did you take money out of their chores and put towards their retirement fund?

Ginger Brennan: I did. I did. Yes. And they will be on a psychiatrist (couch) in a few years, but I would like to think that they are very happy, very well adjusted adults. So – but no, I think it’s important that it will be in the – it will be in people's vernacular that it’s not a – there is not an endless supply of money, that life comes up and how were you going to be prepare for it. I think it helps – it helps that they’re prepared.

(Gwen): Yes. I know. It always does. Preparation is always good. They teach you that in scouting from the first day you’re in scouting to be prepared.

Ginger Brennan: Yes.

(Gwen): Operator, do we have any questions?

Operator: Again, that’s star one on the telephone keypad to ask a question.

(Gwen): OK. Let’s think about this. All right. You got some savings, but how do you judge what’s enough because most of our lawyer friends didn’t do a lot of math in school. Otherwise, they would (inaudible) in engineering…

Ginger Brennan: Right. Exactly.

(Gwen): So, you put the money and you hope for the best.
Ginger Brennan: Right.

(Gwen): And they say let’s go see a financial advisor. But most of the attorneys, your friends, are going to be like, "Look, (Gwen), I have – how many things I have to do …

Ginger Brennan: Right.

(Gwen): … I just put it in there and we’re good. It’s all taken care. That’s good. And you kind of close your eyes and hope – literally hope for the best.

Ginger Brennan: Hope for the best. Right.

(Gwen): How does that person wake up and then go, "Gee. Is this going to be enough or do I need to start thinking about I got to buy a better house so I can have a better reverse mortgage?"

Ginger Brennan: No. There's a – I will say the rule of thumb these days is 10 percent – is you should be saving 10 percent. So, moving up towards that through your career is probably a good rule of thumb.

The program actually, the ABA Retirement Fund, is a great tool in the website called My Orange Money where you actually can look to see how much do I make – how much I'm making now, when do I want to retire, and am I saving enough. Because, and most of the time 10 percent is – if you’re starting early enough, it’s about the right number. I will tell you that if you’re 55 and you haven't saved anything, then 10 percent is not the right number.

(Gwen): Yes. (Probably 80 percent).

Ginger Brennan: Exactly. An important takeaway is it has to be re-looked at and adjusted over time. You made a great point earlier that things happen. We – you talked about braces, how about divorce where you weren't expecting to either – to pay alimony or buy another house or whatever. I mean there's just many – there are many things that can change over your lifetime that you never expected.

(Gwen): Right.
Ginger Brennan: This is not something you can set and forget.

(Gwen): No. And it’s hard because everybody wants to set and forget it and think that that with Social Security, I'll be fine.

Ginger Brennan: OK. A lot.

(Gwen): And you might not be.

Ginger Brennan: It’s important. It’s not going to be, as I said, something that we’re going to solve in a Wednesday afternoon in May.

(Gwen): Right.

Ginger Brennan: This is something that needs to become part of our DNA. And I think the overarching theme from today too is it’s been less a part of the dialogue for women and for men. So, men that thought about this more, women have tend to not to think about it as much. So, we really want to bring that to the forefront and say, "You've got to talk about it because the need is even greater for women because of life expectancy."

(Gwen): Yes. That is so true. We’re all going to roll that odometer over and be 101.

Ginger Brennan: Exactly.

(Gwen): Well, do you have any – Operator, do we have any questions?

Operator: We don’t have questions at the moment, ma'am. Please continue.

(Gwen): All right. Thanks. All right. Now, Ginger, we’re drawing close to the finish line, are there any last best advice that you would like to give our listeners?

Ginger Brennan: The last best advise, I would say, as I mentioned earlier, if you have access to a retirement plan, get into it because you may get a – there may be a match there waiting for you. And if you don’t have access to a retirement plan, consider setting one up, particularly if you’re a small firm and don’t have one
and look at the ABA Retirement Funds as it’s certainly one option, one easy option, to help you begin to save towards a successful retirement.

(Gwen): OK. All right. Well, ladies and gentlemen, at this point, I would like to say thank you for being a member of our division. We hope that you've enjoyed our time today. And at this point, I need to remind you that we have some upcoming events. On May 16th, we have our Hot Off the Press Brown Bag Live Podcast section and we will also have another Live Podcast on June 13th.

So, at this point, everyone, we hope you have a wonderful afternoon and a great week and thank you so much. Thank you, Ginger. Let’s have a good day.

Ginger Brennan: Thanks, (Gwen). Thanks, everybody.

Operator: This concludes today's conference call. You may now disconnect.

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