

Women & Money

A Project of State Treasurer Tim Cahill



Springfield Money Conference Update

Once again, Dee Lee was a big financial hit when she addressed over 500 attendees at the Western New England College in Springfield, MA on March 25, 2006. Lee talked about the importance of having both a budget and discipline when saving money. Additionally, Dee advised, everyone should calculate his/her net worth. Like many Americans, this was innovative advice and favorably received throughout the auditorium. If people took inventory of what they spend and how much they earn, they would be surprised. No amount of Money saved is too little. Start with as little as \$25 per week and it will create momentum. Eventually you will have a sizeable amount of money.



The Next Money Conference for Women is at the Marriott Crown Colony on Saturday, September 30, 2006, in Quincy, MA.

Plan For Life After Work

What are you going to do when you retire? Do you want to spend your day relaxing, collecting your earned pension, social security benefits, time with friends, grandchildren? For some people pursuing their passion as a part-time job is their idea of fun and relaxing. If you want to spend your retirement working doing something you love, start planning now.

If you like to gardening, look into local nurseries; if reading is your passion, maybe a substitute teaching position in your local elementary school sounds appealing. Or maybe you want to use your bilingual skills and be an interpreter at your city court or hospital. If you need certifications of licenses to pursue your passion, start studying and applying now so you'll be ready when you enter retirement.

The advantage to working after

retirement is that your money will last longer but you want to keep a close eye on your portfolio as people live longer, you could be considered a long term

investor in you 60's. Working can affect your Social Security benefit as well. If you are a retiree you can work and collect Social Security but the amount will be reduced until you reach your full retirement age. Until then, Social Security will deduct \$1 dollar for every \$2 you earn above the annual limit which is \$12,480 this year.

Consult a tax advisor for guidance. Working part-time doing something you have a passion for will enrich your life and keep you active, social and not to mention the few extra dollars for those day trips down the Cape or up North Country.

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Credit Scores

A credit score is known as a FICO score. When someone applies for credit the lender will pull the credit report and credit score for up to three lenders. It is known as a tri-merged report. The lender will use the middle score to determine which score is an appropriate benchmark. Consumers are entitled to pull their credit score each year for free. It is strongly recommended. The contact numbers are:

Equifax 1-800-685-1111

Experian 1-800-397-3742

Transunion 1-800-916-8800

The average score in America is 678. When a consumer has a low score it means they will pay a higher interest rate. The result is an increase in their payments by thousands of dollars each year. For a government backed loan a consumer wants their score to be greater than 620. It is preferred for it to be greater than 650.

Credit score are determined by the following factors:

Making payments on time is very important and accounts for 35% of the factors when calculating score.

Debt load is an important factor. 30% of the score is calculated by reviewing how much credit card debt you have compared to the credit availability on your credit cards. When you use your credit cards your score will decrease. If you have a balance equal to 75% of the available credit to you, the score will drop significantly. It is best to have the balance below 50% , preferable below 30%. Longevity of credit, new credit and inquiries make up the additional factors.

Therefore, if you know you are going to apply for a loan you should pay the credit card balances down first. It will save you thousands of dollars in interest charges.

Longer Car Loans Are Not A Smart Financial Move

Not only has the savings rate of Americans dropped into the negative zone in 2005, the first time since the Great Depression, people are taking out car loans they can't really afford. This translates into:

- People can't afford their car payments and are buying cars they can't afford.
- "Upside Borrowing" is becoming mainstream (the loan balance is higher than the car's value.)
- People are paying back high amounts in interest over the length of a longer loan

period.

Steps to avoid taking a longer term lone:

- buy a car you can afford
- take out a car loan for 5 years or less

Your car loan shouldn't be over 15% of your after-tax monthly income. If you are borrowing longer than 5 years, make sure you don't get into a car accident and total your car, your insurance won't cover the loan. Think before buying your next car.

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Retirement Concerns

Nearly half of those in a recent poll reported that they are worried about having enough money on which they could retire. A news release by the Financial Services Forum said that the survey, presented at the National Summit on Retirement Savings in Washington, DC March 2006, also found that nearly a third of

Americans saved nothing for retirement last year. Some 25% of respondents who were in their peak earning years (50 to 65 years old) had not saved a nickel in the last year.

In order for Americans to be comfortable in retirement, they are going to need to become far more serious about their retirement savings. Among those who are saving, the poll indicated that they're putting aside far too little. Nearly three out of five younger Americans (35-49) saved less than \$10,000 for retirement last year—too little to sustain a comfortable middle-class lifestyle in retirement. Younger workers plan to rely far less on Social Security and far more on personal

savings through tax advantaged savings vehicles such as 401K and IRA's. According to the release, the survey found that:

—more than half of Americans under 50 think Social Security will provide only a minor source of income, compared to 60% of Americans under 65 or older who rate Social Security a major source of retirement income.

—65% of the youngest Americans (18-34), see 401Ks and IRA as providing a major source of income in retirement.

The nationwide poll of 1,000 adults was conducted by RT Strategies February, 2006

Source: PLANSPONSOR.com

Wage Gap-Former Lt Governor Evelyn Murphy

Evelyn Murphy spent her lunchtime at the State House on May 11th for a FREE talk in the House Members Lounge to speak about her grassroots project "WAGE Club". This stands for "Women Are Getting Even". These pioneering clubs are forming around the nation for women to get together to learn and discuss pay equity for women and how to negotiate higher salaries.

Women in the US earn 77 cents for each dollar a man earns, despite equal education and experience levels.

Evelyn states that women think the gap is getting closer, but it's not. Unless women are educated that over a course of a lifetime, a woman can lose between \$700,000 and \$2 million dollars, the gap will remain. Not only are women affected by this gap, but also families. Think about the lost income that would help men and their families pay bills, invest, and save for retirement.

The State of Minnesota has a program for bridging the wage gap. The program audits and evaluates state workers' positions and the money they earn. They make adjustments in pay to level the equity field. This is to eliminate the gender bias and because of this program, women earn 97 cents per every dollar a man makes.

Murphy sights. "It's a stunning example of what can be, you pay for the job and not for who does the job". Senator

Harriette Chandler (D-Worcester) commented the Commission on the Status of Women will be providing an intern to research potential legislation establishing a similar program for Massachusetts, which would likely be filed in December of 06.

Rep. Kathleen Teahan (D-Whitman) think it's another one of those anti-discrimination issues that would be important to look at. Murphy concluded, "The program would also help eliminate not just gender bias, but racial and age biases as well"

Murphy has spent the last eight years researching and writing the book, *Getting Even: Why Women Don't Get Paid Like Men, And What To Do About It*.

Murphy referenced her book to having concrete facts, and to not be discouraged by the multitude of statistical numbers. Numbers helped female faculty at the

Massachusetts Institute of Technology to fix gender bias towards its women scientists, an example of Murphy's WAGE club intentions. The female MIT Faculty got

together, put together data on lab space and salaries, and brought it to former president Charles Vest who looked into it and took action in favor of the female scientists.

Murphy met her goal of starting 100 WAGE clubs across the country, and has set for another 500 by year end.

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**Department
of the
State Treasury**

Phone: 617-367-6900

Fax: 617-248-0372

Email:

cgibbons@tre.state.ma.us

Editorial Committee

Scott Campbell

Cynthia Gibbons

Leanne Martin

Alison Mitchell

Contributors

Charles Burke

Nick Favorito

Cynthia Gibbons

Tell Us Your Story

We want to hear from our readers how they plan for their financial future.

Do you have a good retirement plan? How do you budget?

What has made you a successful financial planner?

Please send your story to cgibbons@tre.state.ma.us.

If we use your story, it will be published in the next

Women & Money Newsletter.

Inexpensive Turkey Meatloaf Recipe

This recipe is both tasty and cost effective. You can prepare it before work and put it in the oven when you get home.

2 pounds ground turkey

1 small onion finely chopped

4 cloves garlic finely chopped

1/4 green pepper finely chopped

1-teaspoon oregano

1-teaspoon thyme

Salt

Pepper

1 slice of bread

2 eggs

Preheat oven to 370 degrees

Finely chop the onion and garlic. Break the bread into small pieces and mix on a bowl.

In a medium size bowl mix the turkey, onion, garlic, green onion, green pepper, eggs, oregano, and thyme together. Shape it all into a rectangle similar to a small loaf of bread. Place in the oven and cook for 1 hour and 15 minutes at 370 degrees.

Serves 4



Serve with brown rice or potatoes with your choice of vegetables.