

# Money Matters at Every Stage

A guide for women who want to expand their investment confidence



AMERICAN PRIVATE WEALTH

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# Test Your Knowledge

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\_\_\_\_\_ % of women end up managing their own finances at some point in their lives.

- a) 10-20%
- b) 55-60%
- c) 80-90%**
- d) 95-100%

Source: National Center for Women and Retirement Research, 2007.

# Test Your Knowledge

If a woman plans to retire at age 65, how many years can she expect to live in retirement?

- a) 10 years
- b) 12 years
- c) 15 years
- d) 20 years**

## Did You Know?

If you are age 65, you stand a 52% chance of living until at least age 85. The catch here is that life expectancy is only an average. About half of seniors will actually live longer.

A safer bet is to assume your retirement will last to age 90 or even 100.

# Test Your Knowledge

The median income in 2004 for retired women was \_\_\_\_\_.

- a) **\$12,080**
- b) \$25,137
- c) \$30,980
- d) \$40,212

## Did You Know?

The poverty rate in 2004 for single white women age 65 and older was over 20 percent; that rate was double for single African American and Hispanic women.

# Today's Presentation

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- Sizing Up the Market
- What Life Stage Are You In
- Strategies to Help You Take Control
- Next Steps

The following is an excerpt:

*“Usually women are innately realistic and practical, but young women are more likely to be trained as earners than as money managers. They are schooled to be executive secretaries, airline stewardesses, even chemists and physicists, but not often are they trained to be experts in family finances.”*

***“What a Woman Should Know About Money,” 1963***

# Sizing Up the Market

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# A Financial Powerhouse of Her Own

<b>155.8 Million</b>	<b>80</b>	<b>5.3 Million</b>	<b>66%</b>	<b>1 out of 3</b>
Number of females in the United States <sup>1</sup>	Percent women earn of what men did in 2007 <sup>2</sup>	Number of stay-at-home mothers in 2008. <sup>1</sup>	Percentage of female citizens 18 and older who reported voting in the 2008 presidential election <sup>1</sup>	Number of working women who earn more than their husbands <sup>3</sup>

1. Source: U.S. Census Bureau, January 2010.

2. Source: *Women in the Labor Force: A Databook*, U.S. Department of Labor, U.S. Bureau of Labor Statistics, December 2008.

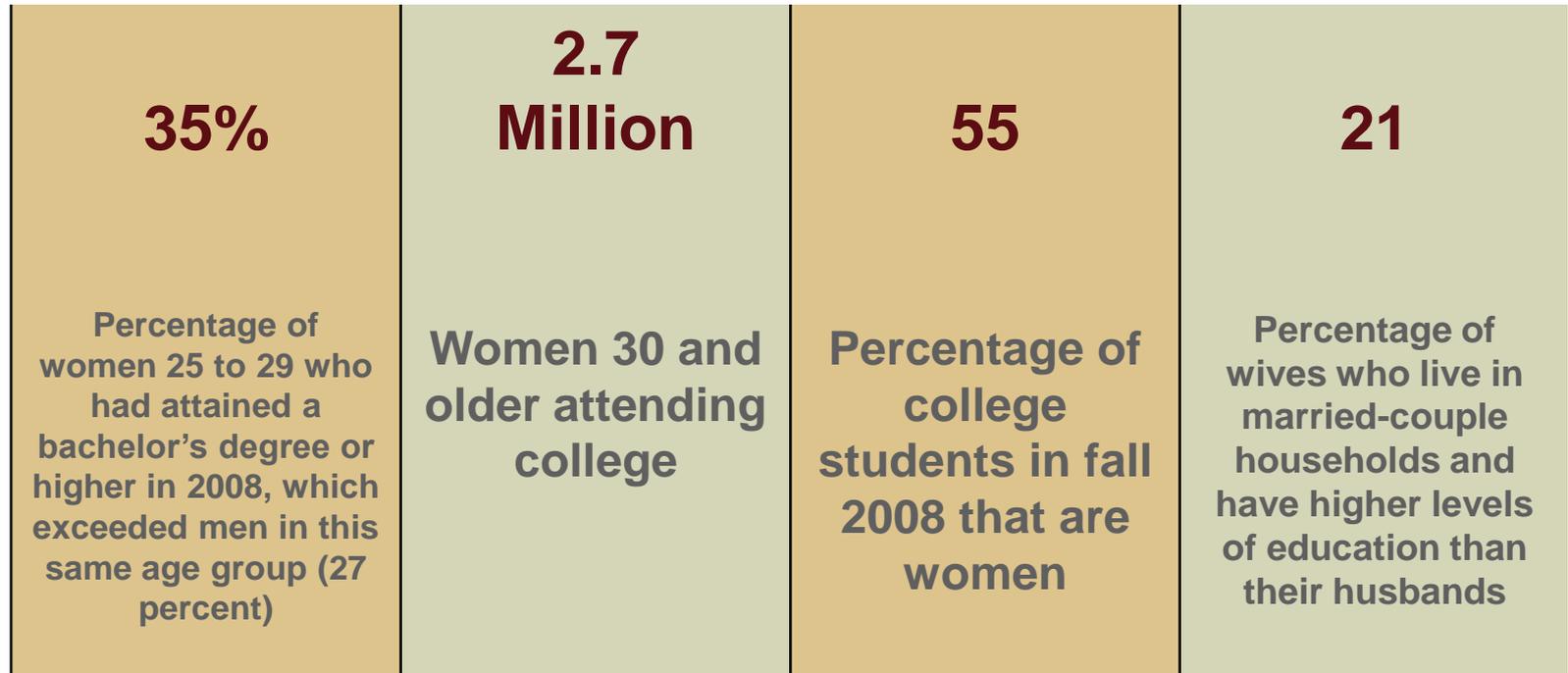
3. Source: U.S. Bureau of Labor Statistics, November 2007.

# Her Business is Big Business

<b>10.1 Million</b>	<b>\$1.9 Trillion</b>	<b>1 in 5</b>	<b>13 Million</b>
Number of women-owned businesses in the United States	Annual revenues for women-owned businesses	U.S. women- owned firms with annual revenues of \$1 million or more	Number of Americans employed by women-owned firms

Source: Center for Women's Business Research, December 3, 2008

# Narrowing the Education Gap



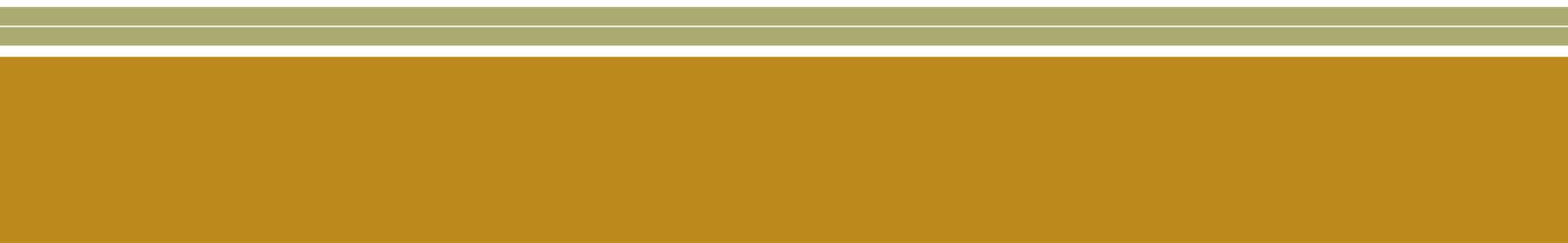
Source: U.S. Census Bureau, January 2010.

# Women Still Face Unique Challenges

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- Women can expect to live 5.2 years longer than men.
- Women earn 77 cents of every dollar men earn.
- Women will spend 27 years in the workforce, compared to almost 40 years for men.
- Women are less likely to have an employer-sponsored pension plan.

What Life Stage Are You In?

The slide features two horizontal decorative bars. The top bar is a thin, light olive-green line. Below it is a thicker, solid dark olive-green bar that spans the width of the slide.

# What Life Stage Are You In?

- Money matters at different stages of a woman's life.
- Your concerns are different and may require a unique approach.
- Laying the groundwork now helps you be more prepared for the future.



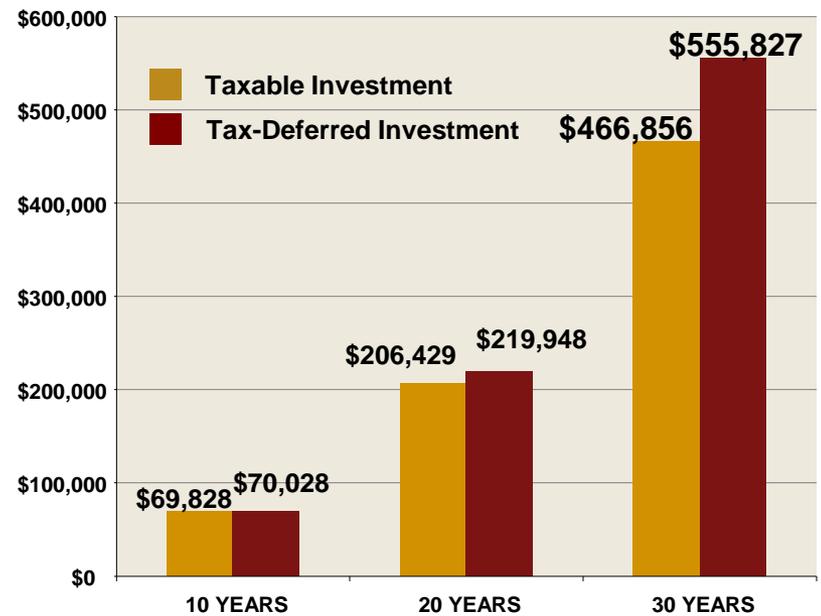
# Changing Jobs Can Cost You

## Don't Leave Your 401(k) Behind

- Women move in and out of the workforce more than men.
- When this happens, don't let 401(k)s sit with a previous employer.
- Instead of cashing out and paying a tax penalty, roll it over to an IRA and continue to take advantage of tax-deferred investing.

Source: *What Women Need to Know About Retirement*, The Women's Institute for a Secure Retirement, 2007.

## How prepared are you?



The hypothetical illustration assumes the growth of annual contributions of \$4,000 for 2007–2008 and \$5,000 for 2008–2035. These are the current annual IRA contribution limits. The illustration assumes that the underlying investments have 100% turnover of the portfolio's holdings each year and beginning-of-year contributions, with monthly compounding and annual taxation. Additionally, it assumes an annual return of 8% with tax rates of 15% for dividends and long-term gains and 28% for short-term gains. This chart is for illustration only and does not predict or guarantee the performance of any Wells Fargo Advantage Fund.

# Women Mean Business

## Work Smarter, Not Harder

- Today, there are over 10 million women-owned businesses in the United States.
- Make sure you have a sound business plan that you are personally willing to invest in, as well as an exit strategy.
- An advisor can help you determine what options are available to you and what will work best given your objectives.

Source: Center for Women's Business Research, December 3, 2008



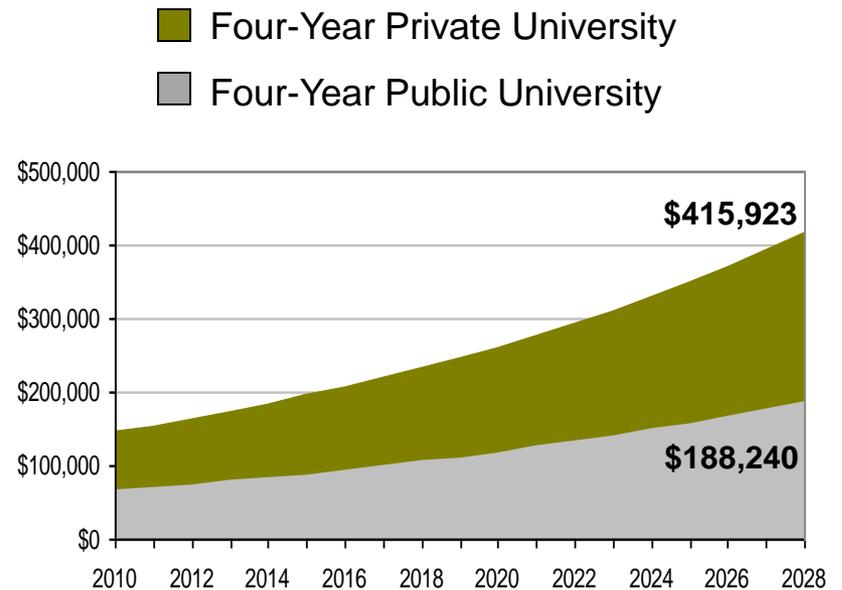
## How prepared are you?

# Can I Borrow Money to Go to College?

## College Costs Are Rising

- In 18 years, a four-year public university college education will cost over \$188,000.
- Many women often bear the burden of paying for their children's education.
- Women are going back to college and graduating in record numbers. There are now 2.7 million women 30 or older attending college.

Source: U.S. Census Bureau, Current Population Survey, October 2008.



Costs based on 2009-2010 estimate of average tuition and room and board in current dollars for four-year public and private universities according to the *2007 Trends in College Pricing*, published by The College Board. Projected pricing assumes a 6% annual increase in college costs.

## How prepared are you?

# Taking Care of Your Children and Parents

## The Sandwich Generation

- 13 is the average number of years that women stop working to care for children or parents.  
Source: Social Security Administration, 2007.
- AARP research shows that 44% of Americans between the ages of 45 and 55 have aging parents or in-laws, as well as children under age 21.  
Source: American Association of Retired Persons, 2006.
- Approximately 92% of boomers financially support an adult child in one or more ways.  
Source: caregiverresource.net, June 2005.

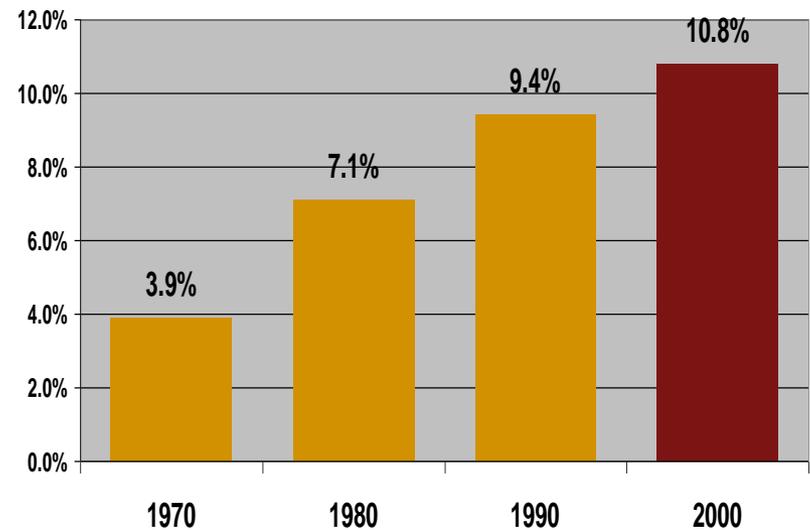


## How prepared are you?

# Making a Comeback After Divorce

## Act Quickly to Protect Yourself

- Make sure you know how to easily locate your financial records.
- Find out the full extent of your outstanding debt, because you may be jointly responsible.
- Even if you are divorced, you may be entitled to one half of your ex-spouse's Social Security benefits.



*Between 1970 and 2000, the proportion of women who were divorced more than doubled.*

Source: U.S. Census Bureau, Current Population Survey, 2006.

## How prepared are you?

# Be Prepared for the Death of Your Spouse

## Be Prepared Ahead of Time

- Learn the details now of what it means to be the executor in your spouse's will.
- Make sure you know how to easily locate your financial records.
- Notify Social Security of your spouse's death and the benefits you may be entitled to.



*Women aged 85 and over outnumbered men nearly 2.5 to 1.  
(That's 2.9 million compared with 1.2 million.)*

Source: Population Estimates Program , U.S. Census Bureau, 2009.

## How prepared are you?

# Estate Planning Provides Peace of Mind

## Estate Planning Can Help:

- Minimize death expenses
- Prepare for estate taxes
- Deliver assets to the proper people
- Businesses to survive
- Ease the burden on heirs
- Name a guardian for minor children



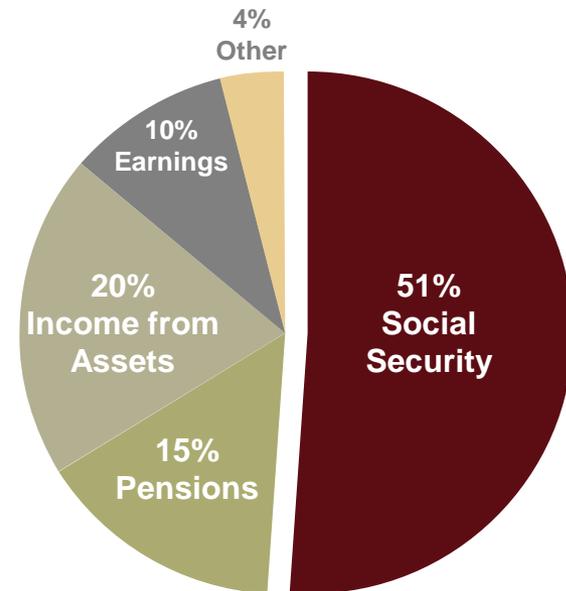
**How prepared are you?**

# The Retirement Reality

- **Social Security** – Nearly 40% of older women living alone depend on Social Security for almost all of their income.
- **Pensions** – Less than one-third of retired older women receive pension income. Additionally, women often leave jobs before vesting in a pension benefit.
- **Personal Savings** – Women must save more because they live longer than men and have lower average earnings.

Source: *How Can Women's Income Last as Long as They Do?*, The Women's Institute for a Secure Retirement, June 2009.

## Sources of Income for Unmarried Women, 65 and Over



## How prepared are you?

# Strategies to Help You Take Control

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# The 21<sup>st</sup> Century Woman – Is This You?

**I am in charge of daily household money management, and less focused on long-term money management.<sup>2</sup>**

**I am risk-averse, preferring to take average or below-average investment risk.<sup>2</sup>**

**I am worried about my financial future.<sup>1</sup>**

**I find investing stressful, time-consuming, and not too exciting.<sup>2</sup>**

**I am not too confident I can maintain my lifestyle, not outlive my savings and not be a burden to my loved ones in retirement.<sup>1</sup>**



**The immediate needs of my family overshadow my long-term goals and planning.<sup>1</sup>**

**I am not too familiar with mutual funds, IRAs, and 401(k) investments.<sup>1</sup>**

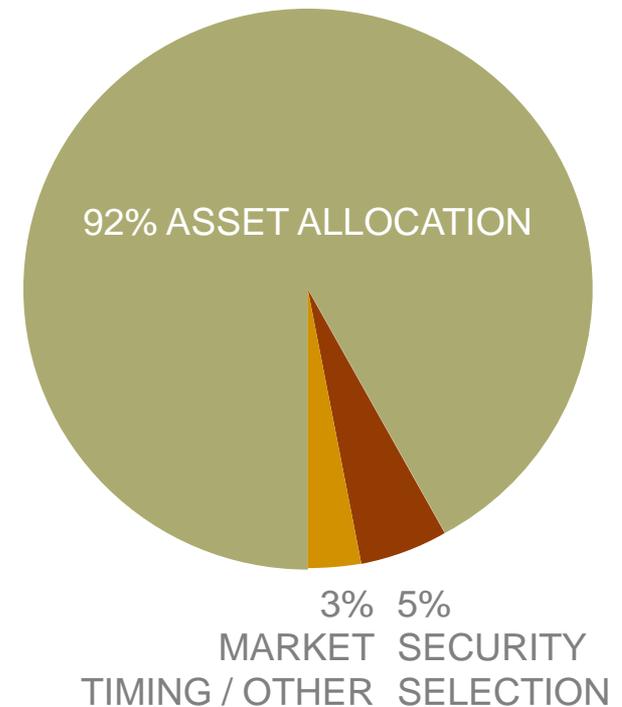
**I tend to wait out non-producing investments, rather than make an investment change.<sup>2</sup>**

<sup>1</sup> Source: *Financial Experience & Behaviors Among Women*, 2008-2009 Prudential Study.

<sup>2</sup> Source: *Gender Differences in Investment Behavior*, FINRA Investor Education Foundation, August 2006.

# The Importance of Asset Allocation

Asset allocation is the process of dividing assets among different types of investments such as stocks, bonds, or cash. **Time horizon** and **risk tolerance** are keys to asset allocation.



Source: Brinson, Singer and Breebower, "Determinants of Portfolio Performance II," Financial Analyst Journal, May/June 1991.

# The Importance of Investing Now

## The Power of Compounding Takes Time NOT Money

	<b>KATHY</b>	<b>EMILY</b>
		
<b>Starting age</b>	<b>25</b>	<b>35</b>
<b>Ending age</b>	<b>35</b>	<b>65</b>
<b>Monthly contribution</b>	<b>\$100</b>	<b>\$100</b>
<b>Total contribution</b>	<b>\$12,000</b>	<b>\$36,000</b>
<b>Years contributed</b>	<b>10</b>	<b>30</b>
<b>Value at age 65</b>	<b>\$141,303</b>	<b>\$122,708</b>

This example assumes a 7% annual return and does not consider the effects of taxes or inflation. This chart is for illustration only and does not predict or guarantee the performance of any Wells Fargo Advantage Fund and should not be considered as financial advice. Please consult a financial advisor for advice on your specific facts and circumstances.

# The Importance of Dollar-Cost Averaging

- Investing at regular intervals may help reduce risks.
- Makes it easy to take the emotion out of investing.

INVESTMENT	NAV PRICE	SHARES PURCHASED	
\$100	\$10	10	<b>Average share cost:</b> $(\$400 \div 23) = \$17.39$  <b>Average share price:</b> $(\$80 \div 4) = \$20.00$
\$100	\$20	5	
\$100	\$25	4	
\$100	\$25	4	
<b>\$400</b>	<b>\$80</b>	<b>23</b>	

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Dollar-cost averaging doesn't guarantee a profit or protect against loss, but it can reduce your overall risk. Such a strategy involves continuous investments in securities regardless of fluctuating prices, and investors should consider their ability to continue purchases through periods of low price levels.

# The Importance of Financial Advice

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**Give your financial prosperity the professional attention it deserves. A financial advisor may help you:**

- **Clarify your investment goals**
- **Establish a financial plan**
- **Regularly re-evaluate goals and progress**
- **Remain disciplined**

# Next Steps

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# Time to Look at Your Life

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1. Take ownership of your financial situation.
2. Don't be afraid of market volatility.
3. Be involved and stay involved.
4. Find the right financial advisor.
5. Continue to become more financially literate.