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5 best financial moves a 40ish woman can make

51% of women say they're better with money than their partners

by MoneySense staff
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What's the financial state of Canadian women in their 40s?

Chatelaine asked 1,000 Canadian women between the ages of 35 and 45 to share how secure they feel about themselves as part of their This is 40(is They asked them if they're on top of their money (53% say they are, while 4% say their bank accounts are a mystery to them), whether they tell their p exactly how much money they have (a third said they don't), among many other things.

Some interesting statistics from the study? Of the women who borrowed money from their families, 87% paid it back. And of those surveyed, 29% bor under $250, while 26% borrowed between $1,001 and $5,000. Overall, it seems that most women (51%) think they're better with money than their par

Well isn't that good news! For most people, the 40s is when pay cheques climb and debt tumbles, creating some welcome financial breathing room. H there are plenty of big ticket savings items that women in their 40s must deal with: saving for their kids' education and paying down their mortgage. U they're not in a relationship, in which case 30% of women think there are cost-savings associated with being single.

Luckily, *MoneySense* has some advice tailored toward women in or nearing their 40s. Here are five financial priorities 40ish women can tackle now to they're rich in their 50s:

1. Tackle your debt

"By [your 40s] you're hopefully getting toward the end of your mortgage," says Dan Hallett, director of asset management for HighView Financial Grou the payments are now going to the principal, and you're less sensitive to those payments." So if you're on track with a reasonable plan, don't feel pres divert cash flow away from money you've been setting aside for your nest egg. "That way, you have a balance between finishing your mortgage and s retirement," says Calgary-based money coach Tom Feigs.

But if you can take a few years off the mortgage by increasing payments and still put away something for your golden years, by all means go for it. Or contending with big mortgages need to make crushing that debt their No. 1 priority. Your 50s should be focused on saving for retirement and you don anything competing with that.

2. Resist upsizing your home

On track with your mortgage? Now's not the time to get house lust and buy a bigger home. "You may feel like you deserve it, but ask yourself, 'Is that reasonable?' It's a trap if you're not looking further into the future," says Hallett. Keeping up with bigger house payments could cause you to lose focu your other goals—and you may never catch up. Bottom line: Match your home to your needs, and not your status.

3. Revisit your financial plan

As you get through your 40s, a clearer retirement picture starts to form. So now's the time to get a better feel for what you want to be doing in your po years, and how much that's going to cost. In order to do that, you'll need to update your financial plan and make readjustments if necessary. "A good p help you stay accountable and reinforce positive behaviour," says Karin Mizgala, co-founder and CEO of Money Coaches Canada. "You don't want to c short." Pay close attention to fees, regardless of what type of investments you're using—high management fees can drain your portfolio.

4. Don't stress about retirement savings

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f your sole focus until now has been tackling debt and paying for the kids, don't worry if you haven't started saving for retirement yet. "It's never too l Hallett. With a 20-year time horizon and freed up cash flow, you're still in great shape to meet any financial goals—provided you're organized and are away your disposable income. Don't forget to account for future government benefits like CPP and Old Age Security, either. "When you look at how m you need to build up to produce $1 of retirement income for the rest of your life, many people are really thankful to get $17,000 in government pensio fully indexed," says Hallett.

5. Time to choose: RRSP or TFSA

Deciding whether to prioritize saving for retirement in an RRSP or TFSA typically boils down to a question of income—what you're earning now, and h income you'll be claiming in your post-working years. For anyone earning in excess of $50,000 a year, the RRSP is usually the better choice.

While both RRSPs and TFSAs allow your investments to grow tax-free, the RRSP's tax refund makes it more attractive for high income earners. You ca up to 18% of your previous year's income—to a maximum of $24,930 for the 2015 tax year—and deduct that amount from your current income. You'll e have to pay taxes on RRSP withdrawals in retirement, but because most people will earn less income in their post-working years, you'll be taxed at a l TFSAs, on the other hand, earn no up-front tax refund, meaning the government won't get a dime of your money when funds are withdrawn in retirem people earning less than $50,000 (and certainly less than $35,000) the TFSA is more desirable because it won't cause any clawback of government l

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