



Retirement Estate Asset Protection Planning

Women Need to Take an Active Role in Their Financial Lives

By Marguerita Cheng



It's very important for women, regardless of their marital status — single, divorced, widowed or married — to take a much more active role in their financial lives.

By taking a more active role, women will gain more clarity, confidence and control of their lives. To do so, women need to learn as much as possible about money.

Decades ago it was normal for a woman to be chiefly a caregiver, housekeeper and wife. Wives did all the cleaning and made sure dinner was on the table. It was the husband who would give weekly allowance to the kids. On occasion he would also give his wife some money to pay the bills. A lack of confidence about personal finance decisions has long been a source of frustration for women, hindering their ability to take greater control of family finances and, ultimately, retirement.

As young women, they still often hear the message that money is a man's responsibility. That idea paves the way for women not to worry as much about what would happen if they needed to take on multiple caregiver roles and/or be financially independent.

But today's women need to be more confident about finances for a variety of reasons.

Women have spent fewer years in the workforce. Due to their role as the main caregiver, many women could work only part-time. On the days they worked, employed men worked 56 minutes more than employed women. This difference partly reflects women's greater likelihood of working part-time. However, even among full-time workers (those usually working 35 hours or more per week), men worked longer than women — 8.4 hours, compared with 7.8 hours, respectively, according to the Bureau of Labor Statistics. Women therefore have less opportunity to save money to contribute to retirement plans, savings and investments.

More than ever, women are living longer than men. Besides personal income, women of the baby boomer generation are expected to inherit wealth from two other sources: their parents and spouses. Baby boomers are poised to inherit as much as \$15 trillion over the next 20 years, according to Nielsen.

The difference in life expectancy between the sexes has narrowed since 1979, when it was 7.8 years, but it increased 0.1 years in 2015 from 2014, the first increase since 1990, according to a National Vital Statistics Reports 2015 report.

Some psychologists believe men are greater risk takers and thereby increase the probability of their having a fatal accident. Women tend to care more about their health. The life expectancy for American females is about 4.9 years higher than for males.

Marriages have a 50 percent chance of lasting, according to researchers. Divorce plays a big role in changing the financial dynamic. What the data mean is that women are more likely than not to have to switch roles and learn how to manage the finances of the family.

Women are assuming greater professional and leadership responsibilities, while still managing their personal and family finances. Educational attainment is different between men and women. In 2015, 60 percent of women had some college education or higher, compared to 58 percent of men. Thirty-two percent of men and 33 percent of women had completed at least a bachelor's degree, and 12 percent of each sex held an advanced degree, according to a 2016 Census Bureau report.

The increasing availability of education, coupled with shifting roles in the home for women, is not only changing women's lives but also reworking attitudes toward gender differences and equality. Traditional gender roles no longer retain much currency in contemporary households. Today more women are pursuing higher education, and female professionals and entrepreneurs are making great strides in business. Women are assuming more responsibility, such as managing careers and education in addition to family life. In fact, it's not so much about work/life balance but rather work/life integration, and financial education can help provide clarity and confidence.

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Here are some things women can do to be more confident and save for retirement:

- 1. Make a budget.** Start simple, by listing what money is coming into the household and what is going out. What are monthly expenses, such as food, utilities and rent?
- 2. Prioritize.** If you are paying a monthly fee for a gym or class and you haven't used it, cancel the membership. The fee can be used for something else or to pay off a bill. Look into cheaper alternatives for other expenses.
- 3. Invest in retirement.** First, check with your employer to see if you can enroll in your company's 401(k) plan. You can also set up an individual retirement account. The U.S. Treasury website outlines a two-step process for you to transfer your account balance to another Roth IRA and offers tips on what to consider when selecting a provider.
- 4. Protect against the unknown.** Look into health insurance and other types of coverage to hedge against risk.
- 5. Get a financial education.** Seek out a financial advisor or talk to a trusted friend about tips for saving for retirement or other questions you may have.

Getting a better understanding about money takes work, but it doesn't have to be overwhelming. Equipped with the right attitude and education, women can feel empowered and confident about their financial future.

REAP Legacy, Inc. is committed to empowering and educating women about financial matters. Our “Financially Empowered Women” initiative – F.E.W has been extremely impactful in making a positive difference in the financial lives of so many women. Call us to learn more about this initiative or consider attending one of our upcoming fun & educational “Financially Empowered Women” free workshops.

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