

HOW WOMEN CAN BE DIFFERENT THAN MEN, FINANCIALLY SPEAKING ¹

We all know men and women are different in some fundamental ways. But is this true when it comes to financial planning? In a word, yes. In the financial world, women often find themselves in very different circumstances than their male counterparts.

Everyone wants financial security. Yet women often face financial headwinds that can affect their ability to achieve it. The good news is that many women today find themselves in a better position to achieve financial security for themselves and their families.

More women than ever are successful professionals, business owners, entrepreneurs, and knowledgeable investors. Their economic clout is growing, and women's impact on the traditional workplace is still unfolding positively as women earn college and graduate degrees in record numbers and seek to successfully integrate their work and home lives to provide for their families. So what financial course will *you* chart?

Some key differences

On the path to financial security, it's important for women to understand what they might be up against, financially speaking:

Women have longer life expectancies.

Women live an average of 4.8 years longer than men.¹ A longer life expectancy presents several financial challenges for women:

- This could mean that they will need to stretch their retirement dollars further
- They may be more likely to need some type of long-term care, and may have to face some of their health-care needs alone
- If they are married, they are more likely to outlive their husbands, which means they could have ultimate responsibility for disposition of the marital estate



Women generally earn less and have fewer savings.

According to the Bureau of Labor Statistics, within most occupational categories, women who work full-time, year-round, earn only 83% (on average) of what men earn.² This wage gap can significantly impact women's overall savings, Social Security retirement benefits, and pensions.

The dilemma is that while women generally earn less than men, they need those dollars to last longer due to a longer life expectancy. With smaller financial cushions, women are more vulnerable to unexpected economic obstacles, such as a job loss, divorce, or single parenthood. And according to U.S. Census Bureau statistics, women are more likely than men to be living in poverty throughout their lives.³

In addition to stepping out of the workforce more frequently to care for others, women are more likely to try to balance work and family by working part-time, which results in less income, and by requesting flexible work schedules, which can impact their career advancement (and thus the bottom line) if an employer unfairly assumes that women's caregiving responsibilities will come at the expense of dedication to their jobs.

Women are more likely to take career breaks for caregiving.

Women are much more likely than men to take time out of their careers to raise children and/or care for aging parents.⁴ Sometimes this is by choice. But by moving in and out of the workforce, women face several potential financial implications:

- Lost income, employer-provided health insurance, retirement benefits, and other employee benefits
- Less savings
- Often a lower Social Security retirement benefit
- Possibly a tougher time finding a job, or a comparable job (in terms of pay and benefits), when reentering the workforce
- Increased vulnerability in the event of divorce or death of a spouse

Women are more likely to be living on their own.

Whether through choice, divorce, or death of a spouse, more women are living on their own. This means they'll need to take sole responsibility for protecting their income and making financial decisions.

Women sometimes are more conservative investors.

Whether they're saving for a home, college, retirement, or a trip around the world, women need their money to work hard for them. Sometimes, though, women tend to be more conservative investors than men,⁵ which means their savings might not be on track to meet their financial goals.

Women need to protect their assets.

As women continue to earn money, become the main breadwinners for their families, and run their own businesses, it's vital that they take steps to protect their assets, both personal and business. Without an asset protection plan, a woman's wealth is vulnerable to taxes, lawsuits, accidents, and other financial risks that are part of everyday life. But women may be too busy handling their day-to-day responsibilities to take the time to implement an appropriate plan.



Sources

¹ NCHS Data Brief, Number 229, December 2015

^{2,4} U.S. Department of Labor, Bureau of Labor Statistics, *Women in the Labor Force: A Databook*, December 2015

³ U.S. Census Bureau, *Current Population Reports*, P60-252, 2015

⁵ U.S. Department of Labor, *Women and Retirement Savings Online Publication*, dol.gov; accessed January 2016