



Designing Your Economic Masterpiece In A Man's World



ARTISAN
Financial Strategies LLC

Designing Your Economic Masterpiece In A Man's World

Written by Meredith C. Moore



Learn more about Meredith by visiting her website at www.artisanfsonline.com.
If you would like to contact Meredith, email her at Info@artisanfsonline.com or
call her at **770-587-0281**.

Table of Contents

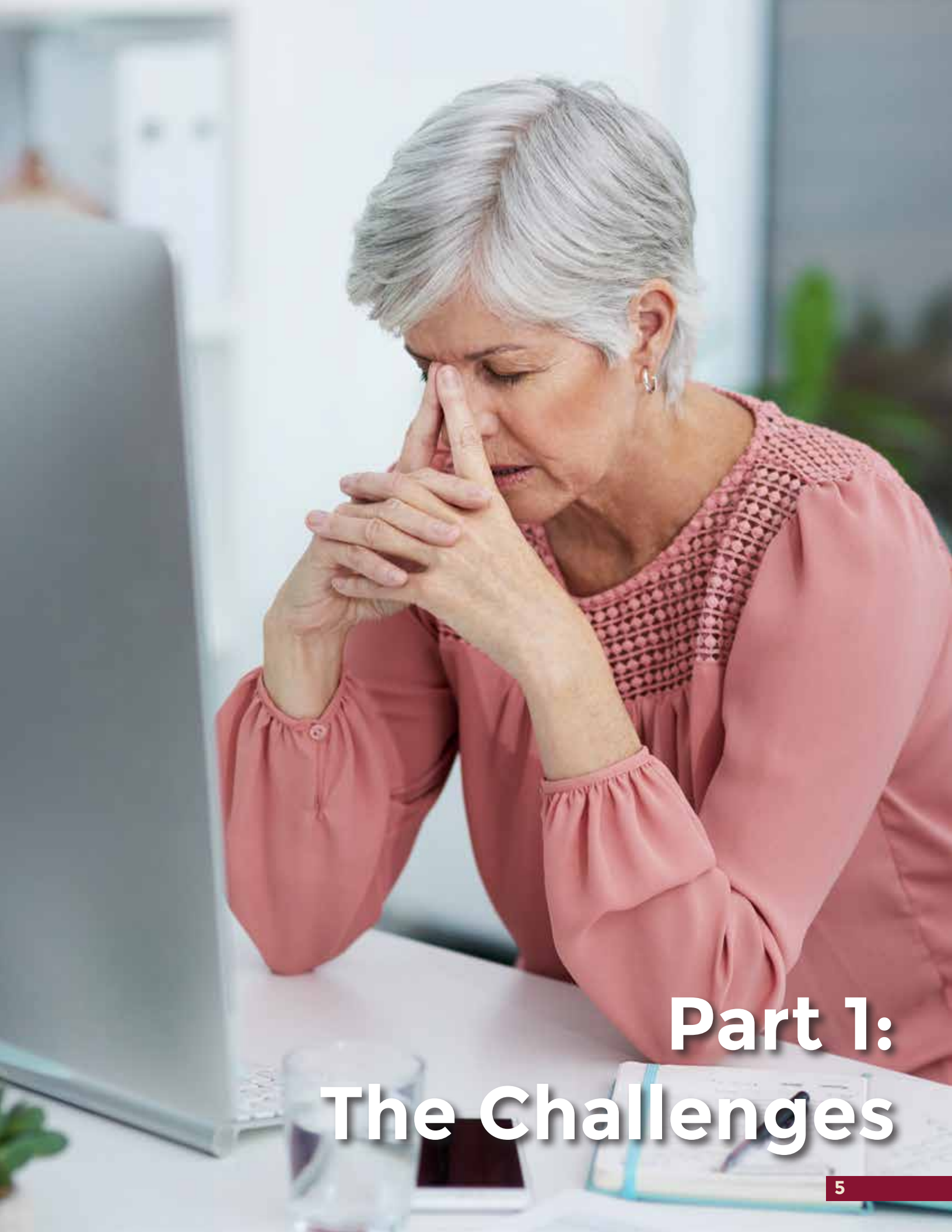
Introduction	3
Part 1: The Challenges	4
A goal without a plan	5
Logistics of time	7
Psychological aspects	9
Part 2: How We Got Here	14
Historical factors	15
Explaining income inequity	16
Part 3: Shifting the Dynamic	18
Rebutting historical assumptions	19
Creating positive change	22
Conclusion	30



Introduction

Today's professional women carry a mindset of creating value – of problem-solving and learning throughout their careers. They fill a multitude of roles within the workplace as well as their homes and communities. With more education and more income under their control than ever before, successful women are in a position to thrive financially. And yet many do not, for a wide variety of reasons.

A shocking number of high-earning women remain less involved in managing their own income than they are in most other aspects of their lives. In this paper we'll explore why this is the case and examine the many barriers to women's full economic parity, both historic and current. But despite the numerous and very real challenges, working women at all income levels can empower themselves with financial understanding and a more active engagement in their own financial realities. And in doing so, they will finally attain the long-elusive ability to truly enjoy the rewards of their labors.



Part 1: The Challenges



“A goal without a plan is just a wish.”

This quote, often attributed to Antoine de Saint Exupéry, is indisputably accurate when it comes to money. The goal of a comfortable family life, secure retirement and significant legacy is indeed only a wish in the absence of a carefully delineated plan to achieve it. High income alone does not automatically create the financial realities many successful professionals desire and deserve.

Women have made significant progress in entering the workforce over the past half-century, boosting our earning power higher than ever before.¹ With more income comes greater opportunity for building savings, but inadequate financial education and lack of confidence managing our own money continue to hold us back. Financial literacy and power within the household are not tied to income or education, as one might assume. In fact, women at the highest socioeconomic levels can possess *less* understanding and financial influence in their domestic partnerships than women with fewer monetary resources.²

Women in high-income professional roles are often adept at focusing on core competencies, delegating less-fitted tasks to others. They feel less of a need to know the ins and outs of household finance because they are comfortable delegating. This behavior makes sense in a work environment

– and in many aspects of personal life too. Applied to household budgeting and bill-paying, however, the seemingly logical approach becomes a liability by creating functional illiteracy in the critically important life skill of money management. If the relationship ends, this successful woman is now unprepared for making financial decisions in her single life.

It’s a terrifying prospect that joins a slew of fears around money among women. Asked about their financial anxieties, more than half of single (56%) and divorced (55%) women agreed with the statement, “Deep down, I worry about becoming a bag lady.”³ Forty-three percent of married women and 48% of widows share the same sentiment.⁴ In all, 49% of women admit they worry about becoming homeless and penniless, with 27% of survey respondents who earn \$200,000 or more still prone to “bag lady” fears.⁵

Clearly income isn’t the only factor driving women’s financial insecurity, and neither is marital status. But anxieties around poverty in retirement are solidly grounded in reality. Fourteen percent of women have no retirement savings at all, and 31% have less than \$10,000 stashed away for their golden years.⁶

A goal without a plan cont.



A study published by the Center for Retirement Research at Boston College found that women overall have a score of 50% on the National Retirement Risk Index (NRRI).⁷ The index compares projected retirement income to current income levels as a way to quantify financial risk in retirement, with a discrepancy between the two figures indicating that individuals will be unable to financially maintain their current standard of living.

While married women exhibited dramatically higher per-person income, greater net worth and more home equity than all other groups, the study found this demographic had the highest 2016 NRRI score (with low scores representing less risk) at 45.6% for women aged 50-59. Women in the same age group who never married scored only 39.8% on the index, similar to 39.5% for divorced women. Widows ranked the best in this comparison, earning an average NRRI of 34.7%.⁸ The study also showed two-earner households losing more in post-retirement income than mar-

ried couples with only one breadwinner. Married women ages 50-59 in dual income households garnered an NRRI of 46.3%, significantly higher than the 32.2% researchers found for married study participants whose household finances rely on a single earner.⁹

While worrisome, these results come as no surprise but instead provide additional data to support what many economists and savers already suspected: *Women of every marital status face a real possibility of experiencing financial need in their retirement years.*

Whether married, single, widowed or divorced, to reap the full benefit of their success women need a strategic approach to financial planning that pulls together knowledge and action.



Logistics of time

Recognizing the need for active financial planning does not make the task any easier from a logistical perspective. In a PIMCO survey of women under the age of 55, 63% reported that “Planning for tomorrow is difficult when there is already so much on my plate.”¹⁰

Working women are incredibly busy, filling many roles in the household. As a result, even when women recognize the value of an engaged approach to our finances we may struggle in executing this goal. Without a comprehensive plan in place, we often end up trying to ‘check boxes’ on a standard financial planning to-do list. This limited focus helps us complete important steps like preparing estate planning documents or buying life insurance but does little to meet the overarching need for deep financial understanding and engagement.

Assuming that women would dive deeply into financial planning if they really wanted to is simplistic and doesn’t begin to capture the time challenges women face in their daily lives. Yes, the way we use our time reflects our priorities, but when there is no mathematical path to fitting it all into the number of available hours, it’s hardly fair to say women just aren’t interested in financial matters.

In most households today women fill multiple roles, each with associated time commitments.

The amount of time women spend caring for children is higher now than in the ‘60s despite the far greater number of women in the workforce.¹¹ As breadwinners, caregivers, homemakers, cooks, community leaders, social liaisons, bookkeepers, chauffeurs and calendar coordinators, women have fewer free moments for self-care or additional learning than we once did.

The number of hours women work on average has been steadily growing along with the percentage of women who hold jobs outside the home.¹² As recently as 1976 just 56% of married women were paid employees, whereas by 2017, that figure stood at 69%. For women with children the number with jobs is even higher: Two thirds of married moms and almost three of four single mothers held down paid jobs in 2016-2017.¹³



Logistics of time cont.



Naturally, the amount of time spent on housework and childcare has gone down accordingly... or so one might assume. That assumption would be incorrect, unfortunately. The number of hours women devote to housework and childcare responsibilities has not declined as their wage-related hours have grown, creating a net increase in the amount of time women spend each week fulfilling family and job obligations.

When both parents work or there is only one parent and she works, children's need for time-consuming care doesn't decline. Research shows that it is the female partner who continues to provide the bulk of housework and childcare services for the family while also performing paid work.¹⁴

Even becoming the family's primary breadwinner does little to free a woman from the role of main caregiver and provider of household labor. Women who out-earn their husbands still spend more

time doing housework than their partners (although the divorce rate for such couples goes up, which seems like adding insult to injury).¹⁵

Similarly, it is most often the adult daughter who provides care for aging parents as their needs increase.¹⁶ So in addition to a fulltime job, housework and childcare, many women have yet another role to play – and one that's physically strenuous, emotionally demanding and time-consuming, no less.

These patterns are consistent across demographics, with women spending far more time on household labor and childcare than men of the same marital status, parental status and income level.¹⁷ When women report that they'd like to learn more about money management and investing but they don't have time, all evidence supports that claim.



Psychological aspects of women's financial behavior



In addition to the logistical challenges that arise from overstuffed schedules, there are powerful psychological aspects to women's financial behavior. Every woman is different, of course, but two broad generalizations have a strong influence on how women interact around financial issues: Women typically don't feel confident in our financial acumen, and we often hesitate to speak up for fear of not being qualified. This reticence significantly impacts not only our income but also our status as financial equals.

In the workplace, these traits affect our willingness to ask for raises and positions for which we are well qualified. Women's pervasive desire to avoid rocking the boat appears in our personal relationships, too, where it can also impact our financial wellbeing. In a divorce scenario, for example, it can determine whether or not we walk away with our fair share of assets, income and debt.

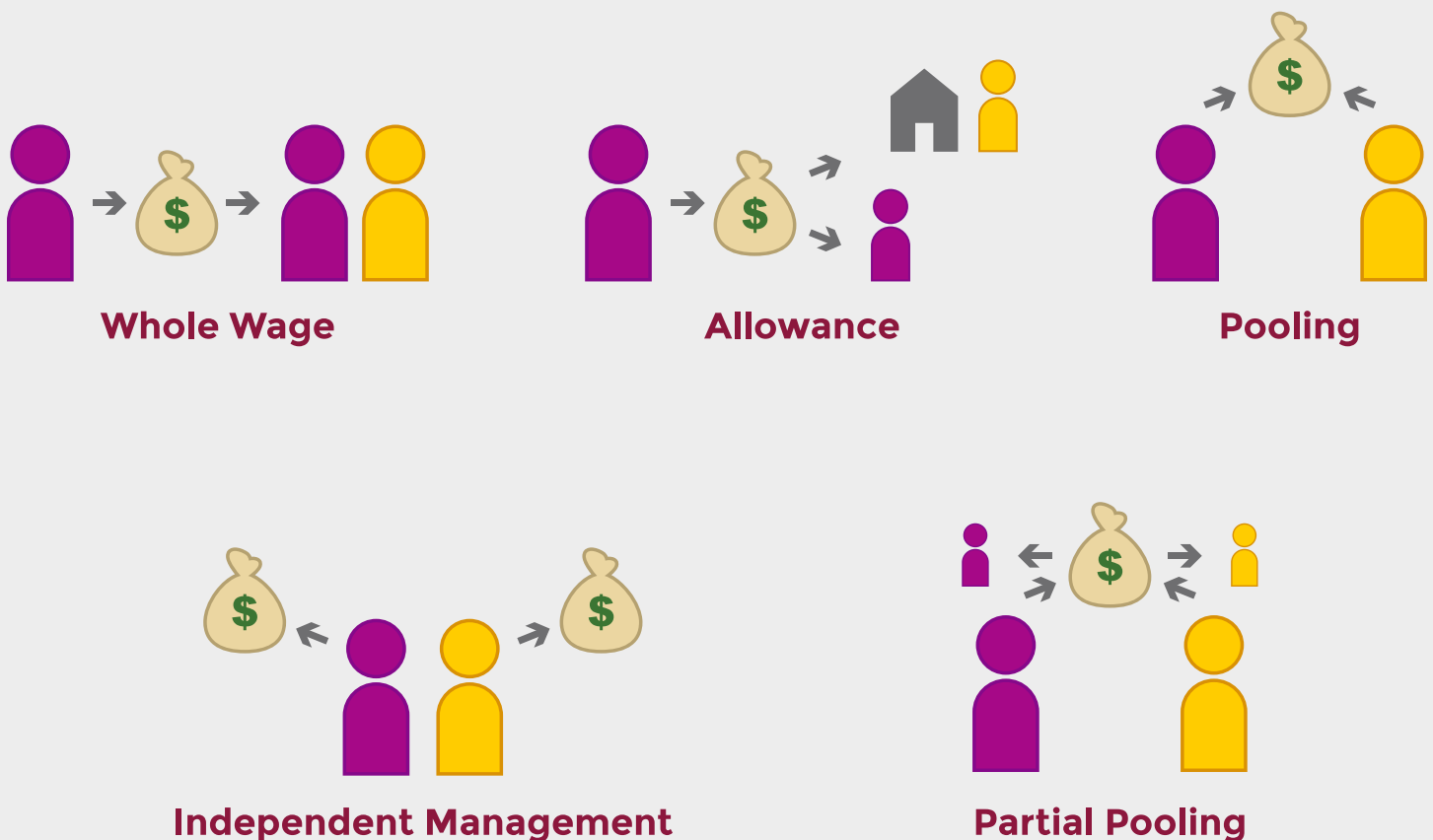
Psychological aspects cont.

In day-to-day domestic finances, this mindset influences the nuts and bolts of how women and their partners manage household income. Who earns the money and who decides how to spend it?

Household finance is one of the most basic issues that arises within adult partnerships, whether marriage or another type of long-term pairing. That divvying up or combining of financial resources brings with it a whole host of behaviors, feelings and power dynamics with ramifications that often extend far beyond money to affect the entire relationship.

Most couples utilize one of five models for handling household finances:¹⁸

- **Whole wage system:** one person manages all of the household finances
- **Allowance system:** the main breadwinner provides a fixed sum for household management and keeps the rest for personal spending
- **Pooling system:** the couple pools all or nearly all of their money and treats it as a collective resource
- **Independent management system:** partners maintain individual control of their earnings and keep their money separate
- **Partial pooling system:** couples keep most of their money separate, maintaining individual control over areas defined as personal, but pool enough money to cover expenses defined as shared



Psychological aspects cont.

The decades-long rise in two-income households has seen more families adopting the pooling or partial pooling model today than was common in previous decades, although plenty still choose a more traditional style. The model a couple follows for household finance has a distinct influence on the power dynamics within the relationship, with pooling models often creating a more balanced dynamic.¹⁹

One might assume that earning money is a prime driver of power in this context, but that's not actually the case. Earning money does not necessarily influence the relative distribution of power between partners. For example, research shows that when income is truly considered "family money," personal earnings are less likely to be seen as a source of power, having little influence on inequality measures such as time spent on housework.²⁰

It is true that earning more through paid work translates in some small degree to less housework time. Renowned sociologist and Harvard professor Dr. Sasha Killewald reports, "When women earn more, they just don't do as much housework." But this reduction in time spent on household labor isn't remotely proportional to the increase in paid work hours. Dr. Killewald says her research shows that beyond about \$35,000 a year, "Earnings past that point, for every \$10,000 she earns more annually she only does 15 minutes less of housework per year. So it's a huge amount of increase in income for a really pretty minor change in housework time."²¹

Sociologists regard time spent on housework as a measure of the relative power and influence each partner possesses within domestic partnerships. Dr. Yang Hu is a U.K. sociologist and professor who teaches at Lancaster University, with a focus on gender and family. He describes the inconsistent relationship between earnings and time spent on housework this way: "Women's individual earnings reduce their housework time only when they have access to their own earnings and when they have a say in financial decisions."²²

Even when the household pays a third party to perform housework, these costs typically come out of resources that represent, in theory, the woman's personal money rather than funds allotted to meet basic household needs, creating a pattern that Dr. Hu refers to as a system of "gendered dollars."²³

So what, then, *does* lead to more influence in the household? Sociologists have identified several indicators that play a role in shaping the domestic balance of power, including age, income and education.²⁴

Still, the fact that women now earn more than half of the advanced degrees awarded at every level – associate (61%), bachelor (57%), master (60%) and doctorate (52%) – hasn't created a predominance of households where women take the lead making financial decisions.²⁵



Interestingly, while a higher income overall is associated with more influence in the marriage, it does not follow that wealthier couples divide household labor more equitably. In fact, when a woman earns more money than her husband she often spends *more* time on housework.²⁶ That may be a form of compensation designed to reassure one or both partners that the marriage still conforms to standard gender identity norms in at least some ways, even if not by the measure of relative income.²⁷

“When women are earning more than their male partners, they do not necessarily want to hold onto the money they earn,” reports Dr. Hu. “They want to hand over the market earnings to their husbands and male partners because their high earning is already challenging the masculinity and sense of manhood of the male partners. So they are sort of jiggling the domestic arrangements to compensate for their deviation from the normative role a woman would normally play in the labor market, which is not necessarily the female breadwinner of the family.”²⁸

Dr. Ronni Tichenor of SUNY Polytechnic Institute has conducted research that may indicate women’s higher earnings can become a liability in certain aspects, “Because women felt like they had to kind of make up for the fact that they made more than their husbands.” Dr. Tichenor sees this need to compensate driving behavior in the higher-earning women she studied, saying, “So they would not demand that their husbands contribute more around the household. They would not say, ‘I make more money than you do, I’m gonna decide how we spend it.’ They would not demand greater control over certain decisions.”²⁹

In theory, 62% of Americans think the ideal marriage is one where both spouses work and divide childcare and housework.³⁰ But women’s tendency to compensate for their greater earnings is a sign that the traditional concept of a male breadwinner supporting ‘the little woman’ at home is still a strong part of our culture and individual psychology, though it no longer reflects the reality of today’s families.

Psychological aspects cont.

As a group, women are still loath to demand equal partnership in financial decisions even when we have brought the resources in question to the relationship. With “extra” or “personal” money, women are likely to spend resources on providing for children or their education while men more often make expenditures on personal wants.³¹

Dr. Sonya Britt-Lutter, a professor of personal finance at Kansas State University and leader in the emerging field of financial therapy, says, “When women come upon extra money, however that’s defined, they tend to spend it more on gifts for the children or other items for the children, whereas when men come upon extra money, however that’s defined again, they tend to spend it more on entertainment purposes.”

Dr. Hu concurs, adding that, “When we are talking about domestic households and paying for care, it’s actually women who are paying for that share of the domestic outsourcing. Not only are [women] spending on kids, but [they] also are buying themselves out from housework by paying nannies, paying domestic helpers to do the housework.”

But though women direct our ‘fun money’ in alignment with our priorities, we rarely push back when household spending decisions conflict with our judgment of what is best. As Dr. Tichenor points out, “[T]here’s potential power in money. Money is a resource or a base for power in our culture. But only if you use it.”³² Women’s hesitance to flex our financial muscle in the household is just one more piece of the psychological pattern we see in so much other gender-driven behavior, illustrating the typical female preference to avoid making waves or to assert power within a relationship.





Part 2: How We Got Here



A history of female financial illiteracy

Women's current discomfort with money management didn't arise out of a void. Historically, our financial and cultural systems have not encouraged women's engagement in financial activities. In fact, their design has actively worked against female financial competency and power.

Early in our country's history it was a given that men would own, manage and make decisions about all money and property in the family. Pennsylvania showed a real streak of progressive feminism in 1718 when it passed a law allowing women to own and manage property – but only if their husbands were incapacitated. New York broke new ground with a 1771 law requiring a man to seek and receive consent from his wife before selling her property.

New York led the way again during the women's rights movement of the 1800s with the state's Married Women's Property Act of 1848, allowing women to enter a contract, collect rents, receive an inheritance and file a lawsuit. This sweeping act served as a model that other states followed in crafting their own laws expanding women's meager financial rights.

It wasn't until the 1960s that American women had the legal right to open a bank account in every U.S. State. Even with the law behind them, many women found that it just wasn't possible without a husband's co-signature on the account.


The Equal Credit Opportunity Act passed in 1974 prohibited gender-based credit discrimination; previously, many banks weren't willing to issue credit cards to married women without a husband's signature and completely refused to issue cards to single women. As recently as the 1980s, women often found it difficult or impossible to obtain business loans without the assistance of a male partner, husband or even a minor son to co-sign the loan.

Family history, too, has limited women's engagement with money and finances. We tend to model our attitudes and behaviors around money after the women who raised us. Watching our mothers and grandmothers, aunts and older sisters avoid financial decisions, proclaim that numbers were beyond them and defer to male partners on how to spend financial resources simply reinforced the message we were getting elsewhere: that women didn't need to and indeed *should not* worry our pretty little heads with such masculine topics as money.

That message may have helped create harmony in the home, but it did little to prepare women for the working world we now inhabit in such large numbers.



Explaining income inequity



More income means more savings, or at least more savings opportunities. As women have begun to hold paid jobs in larger and larger numbers, we have taken seriously the need to accumulate assets to meet our own future needs as well as ensuring that we can provide for our children. And yet, a comparison of women's wealth to men's offers a picture that's both dramatic and alarming.

Among single men and single women, women's net worth averages just a third of the net worth held by men, leaving women at greater risk of poverty in retirement.³³ But as Dr. Killewald notes, that's not the most significant gender-based imbalance: "You might think that the real gender gap in wealth would be between single men and single women. But in fact, the biggest wealth gap is among married couples between husbands and wives."³⁴

As traditional providers, men have always expected to amass wealth over decades of working life. In contrast, many women middle-aged and older didn't grow up expecting to hold a paid job after marriage or at all. Societal change has shifted those expectations for today's girls but by joining the workforce in large numbers later, women missed out on crucial earning years in which to build savings.

The once-standard lifelong pensions that provided for workers and their families in old age began to disappear in the 1980s.³⁵ Under President Reagan, companies started to replace these guaranteed-income retirement benefits with retirement plans that focused instead on savings contributed by both employers and employees.³⁶ Since more men than women held jobs even in so recent an era, again women weren't positioned to participate in funding the retirement savings that they would one day need.

Explaining income inequity cont.

Saving earlier is one main reason men's assets outpace women's, but income disparity also plays a huge role in this phenomenon. Women earn less money than men. That's in part because women on average work for fewer years, often taking time out of careers to raise children or care for aging parents.

Women are far more likely than men to become fulltime caregivers for our parents, with three out of four of those who give home care being female.³⁷ Not coincidentally, women caregivers more than double their risk of impoverishment and face a fivefold increase in the likelihood of relying primarily or only on Social Security income in retirement.³⁸

Our hesitation to ask for raises further limits our income during the years that span our career, however long it may be. But we also simply earn less money for our labors than men do, and the higher a woman climbs on the career ladder, the greater this wage discrepancy grows.^{39,40} The gender pay gap, though narrower than it once was, still represents a significant difference in median pay for men and women. In 2017, annual earnings by women who worked full-time came to only 80% of the income male workers earned.⁴¹

With fewer years in the workforce and lower earnings during our working years, women's lifetime earnings average more than a million dollars less than men's!⁴² This disparity in earnings makes saving and investing wisely even more critical for women if we want to achieve financial security.



Part 3: Shifting the Dynamic





Rebutting historical assumptions

Attaining true gender equality and exercising women's full financial power are complex goals that require a multi-faceted approach. While it is true that individuals rarely create societal change on a wide scale, it's equally true that one woman's actions can make a huge difference not only in her own life, but also in her children's lives and the broader community of which her family is a part. When we change our own behavior and mindset, the effects ripple outward and contribute to wider societal shifts that we can observe only through the lens of historical perspective.

Women who work are no longer a rarity by any stretch of the imagination, nor are families where women are the primary breadwinner. In fact, a 2018 survey by Prudential found 54% of female survey respondents describing themselves as primary breadwinners (including sole earners as well as women who earn more than their partner).⁴³ Looking at the real-world numbers, it seems ludicrous to consider women as second-class citizens in terms of generating income.

Nor is it sensible to discount women's dominance in wealth and consumer spending. American women now control a greater share of private wealth than men and they drive a large majority of consumer purchases.⁴⁴ Consumer spending revolves around women, who control between 70% and 80% of the total amount through direct purchases and influence on spending by others.⁴⁵

In addition to their substantial earning and spending power, there's evidence to show that women as a group are better equipped than men to be competent money managers— in large part, because they don't exhibit the common male pattern of being overconfident in their ability to make wise investment decisions.⁴⁶

Overconfident investors make more trades than those working from a position of rational investing behavior based on adequate knowledge rather than a speculative approach.⁴⁷ In making more trades, these overconfident market players end up spending more of their total investment funds on trade fees and commissions, thus lowering their overall rate of return.



Rebutting historical assumptions cont.



Research shows that men reduce their net investing returns through trading by nearly a full percentage point more per year than women, exhibiting a significantly higher turnover rate within their portfolios.⁴⁸ Among single individuals the differences between genders in trade frequency and associated lowering of return rate are even more pronounced.⁴⁹ Fidelity Investments found that the company's female investors make 35% fewer trades than male clients, and that they bring a long-term, goal-focused view to managing retirement accounts as well as opting for less-risky investments.⁵⁰ Additional studies have yielded data that mirrors these results, but women haven't picked up on these facts in large numbers – at least not yet.

Women by a wide margin believe that men are better investors, with only 9% reporting a belief that they could outperform men's investing returns.⁵¹ Fidelity's 2018 Investor Insights Study found that only 34% of female investors consider themselves to be knowledgeable about investing, compared to 57% among their male counterparts.⁵² Another study revealed that while 79%

of women feel confident balancing a checkbook, just 37% feel prepared to plan for their retirement needs unassisted and even fewer (28%) are confident they can select the correct investments without help.⁵³

The facts disagree with these beliefs, as a variety of studies have shown that women consistently display the more effective saving and investing behaviors. Women contribute a higher percentage of their paycheck to workplace retirement accounts than men do.⁵⁴ We also increase the balance in our non-work investment accounts by a higher percentage each year.

What's more, women's investments outperform men's, by an amount that various studies place at somewhere between 0.4% and 1.8% annually.^{55,56} Best-selling author and leading behavioral finance expert Dr. Daniel Crosby finds the paradox intriguing. "It's fascinating," he says, "because women are, in every respect, better investors than men. And yet both women and men think that men are better investors."⁵⁷

Rebutting historical assumptions cont.

Dr. Crosby believes that biology plays a role in elevating women's ability as investors. "Men have about 10 times the level of testosterone than women do, and testosterone breeds what's called a winner's curse," he explains. "So as you do well in a fight or in the stock market or whatever, your testosterone increases and increases and increases until you make dumber and dumber decisions effectively."⁵⁸

There's also reason to believe culture contributes to women's superior investing performance. Dr. Crosby posits that "Women are socialized to be less, I think, arrogant and confident than men. This has upsides and downsides, of course, in other settings, but in markets, women are less likely to go to cash. They're better diversified. They weigh probability better. They're less likely to make dramatic swings."⁵⁹

Other traits typically associated with women and reinforced by societal expectations also prepare women rather than men to be superb investors.

Women are in many cases more willing to admit we don't understand a concept or technique. We tend to seek answers and question our own abilities rather than moving forward based on bravado, bluff or basic familiarity with the subject. And when it comes to investing, admitting to limited knowledge is the wiser course of action – but this hesitation should be followed by learning and subsequent steps once the necessary education is complete.

Cultural expectations and laws don't change overnight, but they do evolve to reflect the thoughts and actions of millions of individuals acting separately. Therefore, to meet personal goals as well as advancing global recognition of female financial ability, it is critical that women empower ourselves through increased financial knowledge and engagement.



Concrete actions to create positive change

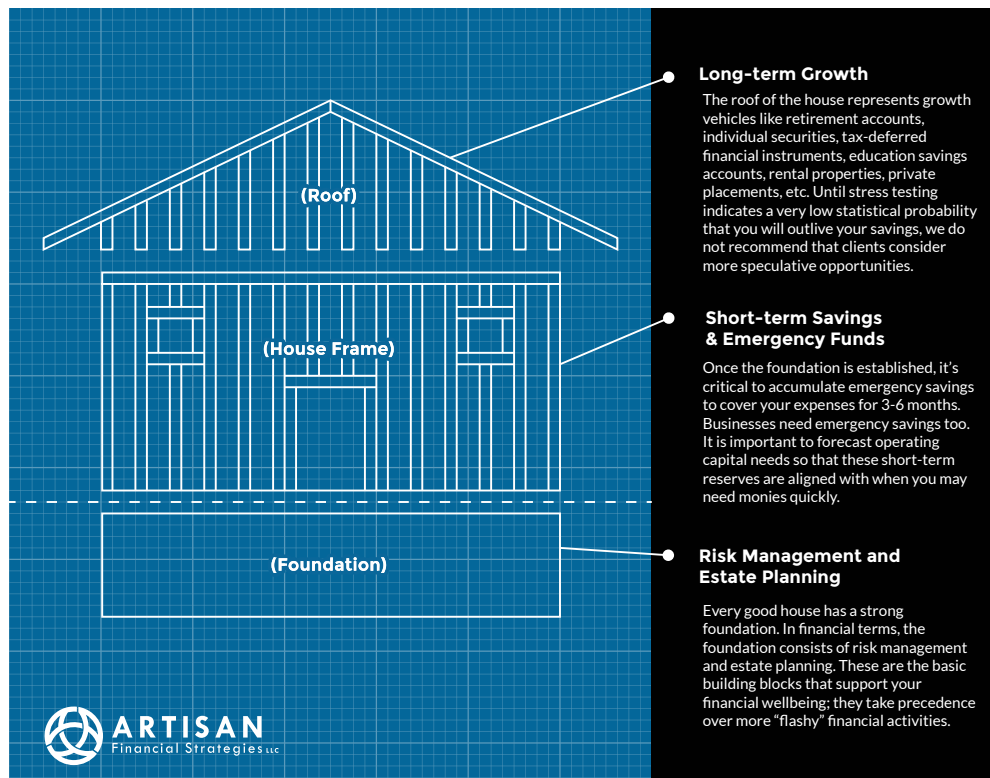
Design your money to fit your life

No competent homebuilder would set out to construct a house without a blueprint. A solid and stable house depends on a meticulously detailed blueprint that includes accurate measurements. The same principle applies to financial houses: A financial blueprint lies at the heart of the solid and stable financial outcomes we envision for ourselves and our families.

This blueprint shows actions rather than windows and closets – little choices like how much you put into the company retirement plan each year, for example, and where you accumulate savings for education or emergencies.

Your financial blueprint is the hub of your financial plan; it should drive all the large and small decisions that impact your financial wellbeing today and in subsequent years. It must be inclusive, because integrating separate actions to support the overall plan is an important key to advancing and solidifying your financial position.

Like your home, your blueprint should be completely customized to match your requirements and preferences; it must reflect the day-to-day reality of your chosen lifestyle. And just as with a house, a detailed plan, faithfully executed and regularly monitored, culminates in the secure and welcoming future you worked so hard to create.



Creating positive change cont.

Build financial skills

Life brings changes, no matter how carefully we've planned. And while it's no surprise that each one of us will get sick occasionally, face misfortune at times and eventually die, these events often occur unexpectedly. An unanticipated health problem, divorce or death can wreak havoc on financial stability as well as work and family life. Right when you're reeling from a tragic loss is a difficult time to face unfamiliar challenges, but that's frequently when women are thrust unwillingly into a maze of financial mysteries.

Few women think what they learned in high school (9%) or college (10%) prepared them to manage personal finances well. Parents provided only a little more support according to women who responded to one survey, with only 20% reporting their parents adequately prepared them for independent financial management.⁶⁰

Women of a certain age typically received no financial education at all, with the assumption being that a husband should and would provide for all financial needs throughout a woman's adult life. That paradigm has mostly vanished, but the realities of grey divorce, early widowhood and other life events make its legacy an extremely dangerous one for older women who may lack professional as well as financial skills.

Without adequate financial education and deep familiarity with the ins and outs of their household finances, newly widowed or divorced women of any age are likely to struggle with seemingly insoluble questions that make a hard time much more difficult:

- What are my assets and where are they?
- How do I access the various accounts?
- How much do I owe?
- Do I have or need insurance?
- What are the bills that must be paid, and how much money do I need to maintain my current lifestyle each month?
- How should I plan for the next month and year, and for the rest of my life?

Answering basic questions like these can be incredibly challenging and add extra stress to an already unpleasant transition period. For some women, widowhood or divorce marks an unwelcome shift from comfort and prosperity to financial need. Among divorced women in one survey, nearly half (48%) reported experiencing a financial crisis as a result of their divorce.⁶¹ Widows, too, found that a lack of financial understanding creates risk, with 61% saying the death of a spouse served as "a real wake-up call for me, financially."⁶²

In most cases, that outcome is preventable. Even if income and assets are less abundant after a change of marital status, knowing the details of your financial situation and being comfortable managing money makes a significant difference in the options available to you in your solo life.

Creating positive change cont.

For example, if you know your current house payment won't easily fit into your post-divorce budget, you can quickly find more suitable arrangements rather than spending scarce resources on a home you won't be able to keep in the long run. Understanding which bills to pay and how to pay them prevents women from risking a damaged credit score that could limit future options or make them more expensive. These and countless similar scenarios illustrate how costly it can be to lack the financial knowledge and skills you need to navigate your new reality.

The truth is that every adult – even a stay-at-home spouse – should include financial planning and management in her skillset in order to protect herself from unexpected hardship. Finding time to build financial skills is legitimately challenging, and that's especially true for mothers with children at home. Yet learning to manage money comfortably and adeptly must take the same priority as exercise, overseeing homework and ensuring that a healthy meal is on the table at dinner time.

By including your children in the learning process you can make it a family event, letting your daughters and sons alike join you in gaining the skills to create financial success and deal with setbacks. They might not appreciate it yet, but they surely will as independent adults who struggle with their own challenges. Along with theoretical and practical skills, you'll be imparting one of the most critical messages a parent can instill: We can't always control the events that shape our lives, but we can limit their ability to leave us helpless and struggling.





Plan for a century (or more)

Besides a shorter career that delivers less income, there's another set of numbers that adds fuel to the fire of urgency around women's need to save and invest. Population-wide, women live longer than men.⁶³ These additional post-working years put even greater stress on the financial equation that governs our financial security in retirement. As of 2016, American men had an average lifespan five years shorter than that of women, with women living to the age of 81.1 compared to 76.1 for men.⁶⁴

By the age of 65, when many people are nearing retirement or already there, women can expect to live an average of 20.6 more years while the figure for men stands at 18.0.⁶⁵ Roughly two-and-a-half years isn't a terribly long time, but it is a meaningful difference in terms of funding an extended retirement. What's more, these added years fall at a particularly expensive stage of life in certain respects.

With old age comes a greater likelihood of experiencing health problems, some of which can cause disability. Add to our longer lives the fact women are more likely than men to suffer from chronic health challenges, and the potential for women to face high health-related expenses in old age becomes even greater. The nursing home population is 70% female, with these patients being admitted to the facility at an average age of 80.⁶⁶ For assisted living, the age of admission is higher (85.7 years) but the predominance of women is more pronounced, with just over three-quarters of assisted living community residents being female.⁶⁷

By age 75 over 10% of women will require help to complete basic activities like dressing, eating or bathing. Among women who are 85 or beyond, that percentage grows to twenty. Women's higher risks of chronic health issues, coupled with our longer lives, mean that we are more likely to require long-term care in old age. Women who live alone must be prepared to seek long-term care either in the home, which can be costly, or in an assisted living facility, which can easily exceed retirement income by tens of thousands of dollars per year.⁶⁸

Creating positive change cont.

Whether we are lucky enough to avoid disability or not, women should be concerned by the possibility of increasing health and extended care costs straining retirement resources in our old age. The price of medical products and services has shown exorbitant growth for quite a while, with efforts to stem the rapid increase finding only limited success.⁶⁹

Medicare is a valuable asset in managing health and extended care costs but the program doesn't cover all expenses, especially those related to extended care.^{70,71} Nor is there a guarantee that the program will exist in its current form when we're ready to retire. The vastly popular national insurance policy faces financial challenges of its own, and while it's not likely to disappear, we should be cautious about assuming Medicare will fund even most of our future health and extended care needs.⁷²

And averages are one thing, but be honest: Do you consider yourself an average woman? Averages exist only within data sets; the individual data points that contribute to the mean (as well as median and midpoint) fall at varying distances

from center. Which is to say, about half of us will live well past the average lifespan, carrying on into our 90s or past 100.

Rapid advances in medical technology and disease treatment protocols make a longer life (in some cases much longer) even more likely as time goes on. Consider the medical technologies today that simply didn't exist even ten years ago. For example, many people live normal lives and lifespans despite a cancer diagnosis. With modern treatment modalities, what was once a death sentence is often now merely an inconvenience. We know that future medical breakthroughs can and will extend lives but we have no idea by how much, which makes outliving our savings a frightening but very real possibility.

No one wants to become a burden on our children – or to face poverty, homelessness or unmet medical need in our final years. To prevent a crisis situation that creates personal discomfort and strains the resources of loved ones, we must approach saving and planning for retirement with a clear understanding of the financial ramifications that accompany our longer lifespan as women.



Creating positive change cont.

Fully engage in your financial world

Numbers and facts matter a great deal in understanding women's financial needs, and building financial skills is a key component of meeting these complex needs. But the single most critical step a woman can take to safeguard her financial well-being doesn't rely on statistics or skillsets at all. The catalyst that leverages knowledge and skills to create meaningful change is *engagement*.

Knowledge provides a sound basis for action, but women also need hands-on involvement to build confidence that can support action. "We can't just give people knowledge and expect them to feel more confident about it," explains Dr. Britt-Lutter. "You have to practice, and how are you going to be able to practice by just reading a book on financial planning?"⁷³

Simply becoming more engaged in the details of your own financial world is the first and most important thing you can do to prevent personal financial crisis, reduce financial risk and enhance long-term financial security.

You can't do much about the stock market's performance or other economic indicators, and there's little chance that one woman will significantly alter national retirement policy. What you *can* do is become intimately familiar with the economic landscape that your family inhabits and claim your power to influence household financial decisions – even if you are delegating responsibility for day-to-day financial management to a spouse or partner.

Some financial choices are relatively trivial in the big picture: Will we take a European vacation this year or spend a few days at a nearby lake? Do we have a fancy dinner out once a month or put the extra hundred bucks into savings? These choices make an impact but pale in comparison to the long-term effects of other kinds of decisions. Public school or private school? Should we fund our retirement or our children's college education? Does financial support for aging parents take precedence over both?



Creating positive change cont.

These are the kinds of choices many women must make as part of the “sandwich generation,” preparing for their own future financial needs while at the same time providing for parents and children. Assigning those decisions to the family bookkeeper isn’t just unwise, it’s unfair. Both partners need to be involved in assessing the complete list of needs, establishing priorities and setting budgets.

Start by evaluating the way your family handles household finances. As discussed previously, the model a couple follows in dealing with money is more than a simple division of labor issue. It both reflects and influences the power dynamics of the relationship as well as feelings around money, mutual respect and self-worth. Think about the model your family utilizes and ask yourself:

- Does this model create a balance of power that allows both partners to feel valued and heard?
- Does it provide adequately for household financial needs as well as personal spending by both partners?
- Does the model encourage secrets or dishonesty around finances?
- Does it feel fair to both partners in monetary terms as well as the ability to influence spending decisions?
- Does the model create risk for one partner in particular, should the relationship end in death or divorce?

As you think about the questions, keep in mind that ‘fair’ and ‘equal’ are not synonyms. It’s common for one partner to earn more than the other, and in many instances the difference in income can be quite large. Do you and your partner believe that the higher earner should have more money to spend and/or save, or that more income should lead to more influence in financial decisions?

Questions like these can make uncomfortable topics of conversation, but it’s important to communicate openly with your partner about money and the issues that surround it. A frank discussion could inspire an agreement to change the model you follow or to make small adjustments that allow partners greater comfort and satisfaction with the existing model.

But talking about money isn’t just for big decisions like how to manage household resources. No matter which model you and your partner ultimately decide to follow, it’s best to make frequent ‘money meetings’ a part of your regular schedule.

Once a week – or once a month if that’s all your schedules allow – sit down together with a favorite drink or snack to go over the budget. What’s working and what’s not? Are there any upcoming expenses to plan for? Is a raise on the horizon for either partner, and if so, where should this money be directed? What about savings? Analyze your progress toward shared savings goals and prioritize newly identified needs. Talking about little things involving money makes it easier to broach larger or more sensitive financial topics.



Creating positive change cont.

Regular financial discussions are a must for every couple, regardless of income or style of household financial management. For women who delegate financial management to their partner, these meetings are especially important as they provide opportunity to be informed and engaged in a realm that's mostly hidden from view. At a bare minimum, both partners should understand:

- How much the family needs to cover monthly expenses
- Where income goes each month (amounts for housing costs, insurance, loan repayment, etc.)
- How much is in all checking, savings, investment and retirement accounts
- How much the family owes in debt obligations (individual and total)
- How to access and monitor all accounts



Similarly, meetings with the family's financial advisor should be viewed as can't-miss events. Women often tend to avoid these meetings for a variety of reasons, but scheduling challenges and discomfort with money only serve to highlight the importance of greater engagement. If you don't want to participate in a meeting because your advisor ignores, discounts or treats your presence as an inconvenience, that's a clear indication that you need a new advisor who *will* value your input.

Marriage is a partnership that includes two people, whether that partnership is funded by one income or two. The more you engage with your family's ongoing money issues large and small, the better your foundation for contributing valuable insight to inform household finance decisions. And at the same time, you'll be preparing yourself to enjoy a comfortable financial future with your partner or to take the reins, financially speaking, should you ever need to.





Conclusion

Women are perfectly capable of adopting a strategic approach to money management despite centuries of subtle and overt messaging that we are not. Recognizing our worth as financially capable individuals is imperative if we are to provide for our own needs and thrive in the material world.

Working women can – and given our longer lifespan, we must – claim our rightful place at the financial table through increased financial literacy and a disciplined, comprehensive approach to financial planning. For women of every age, income level and marital status, now is the time to adopt a proactive approach to learning about financial strategy, and then for taking action that ensures a comfortable retirement and cements our status as equal partners in the public sphere, the office and the home.



ARTISAN
Financial Strategies LLC

Meredith C. Moore
Founder/CEO
www.artisanfonline.com
Info@artisanfonline.com
770-587-0281

References

1. <https://www.dol.gov/wb/stats/NEWSTATS/facts.htm#WomenLE>
2. Anecdotal observation by Meredith Moore, LUTC, CLTC, based on 20 years of work with clients in her financial advisory practice.
3. https://www.allianzlife.com/-/media/files/allianz/documents/ent_1462_n.pdf?la=en&hash=DB76F6EE3B711B77523AABC237F9B37F6E8F2F21
4. https://www.allianzlife.com/-/media/files/allianz/documents/ent_1462_n.pdf?la=en&hash=DB76F6EE3B711B77523AABC237F9B37F6E8F2F21
5. https://www.allianzlife.com/-/media/files/allianz/documents/ent_1462_n.pdf?la=en&hash=DB76F6EE3B711B77523AABC237F9B37F6E8F2F21
6. <https://www.gobankingrates.com/retirement/planning/why-americans-will-retire-broke/>
7. https://crr.bc.edu/wp-content/uploads/2019/06/IB_19-10.pdf
8. https://crr.bc.edu/wp-content/uploads/2019/06/IB_19-10.pdf
9. https://crr.bc.edu/wp-content/uploads/2019/06/IB_19-10.pdf
10. <https://www.pimco.com/en-us/our-firm/diverse-perspectives/wealth-life-balance/>
11. <https://www.pewsocialtrends.org/2013/03/14/chapter-4-how-mothers-and-fathers-spend-their-time/>
12. https://www.oecd.org/els/family/LMF_2_1_Usual_working_hours_gender.pdf
13. U.S. Bureau of Labor Statistics, "Table 4. Families with own children: Employment status of parents by age of youngest child and family type, 2016-2017 annual averages."
14. Sarah Jane Glynn, "An Unequal Division of Labor" (Washington: Center for American Progress, 2018), <https://www.americanprogress.org/issues/women/reports/2018/05/18/450972/unequal-division-labor/>.
15. Marianne Bertrand, Emir Kamenica, Jessica Pan. "Gender Identity and Relative Income within Households." *The Quarterly Journal of Economics*, Volume 130, Issue 2, May 2015, Pages 571–614. <https://doi.org/10.1093/qje/qjv001>
16. Family Caregiver Alliance, "Caregiver Statistics: Demographics" (San Francisco: National Center on Caregiving, 2019), available at <https://www.caregiver.org/caregiver-statistics-demographics>.
17. Sarah Jane Glynn, "An Unequal Division of Labor" (Washington: Center for American Progress, 2018), <https://www.americanprogress.org/issues/women/reports/2018/05/18/450972/unequal-division-labor/>.
18. Most of the research to date on styles of household financial management relies on a typology set forth by sociologist Jan Pahl (Pahl, Jan. (1980). Patterns of Money Management within Marriage. *Journal of Social Policy*. 9. 313 – 33.). A fifth category (Ashby, Katherine J. & Burgoyne, Carole B. 2008. Separate financial entities?: Beyond categories of money management. *Journal of Behavioral and Experimental Economics*. 37(2). 458-480.) extends Pahl's original four types to five main styles that couples use to manage household finances.
19. Pepin, Joanna R. (2018). Inequality and the Household Economy. (Unpublished doctoral dissertation). University of Maryland, College Park, MD.
20. Pepin, Joanna R. (2018). Inequality and the Household Economy. (Unpublished doctoral dissertation). University of Maryland, College Park, MD.
21. https://players.brightcove.net/4352906554001/experience_5d68236cdbb269001f5423b0/share.html
22. <https://onlinelibrary.wiley.com/doi/full/10.1111/jomf.12590>
23. https://players.brightcove.net/4352906554001/experience_5d681b74dbb269001f5423ac/share.html
24. https://players.brightcove.net/4352906554001/experience_5d0cd77501c411001f80fe8c/share.html
25. <https://www.visualcapitalist.com/unlocking-power-women-investing/>
26. Marianne Bertrand, Emir Kamenica, Jessica Pan, Gender Identity and Relative Income within Households, *The Quarterly Journal of Economics*, Volume 130, Issue 2, May 2015, Pages 571–614, <https://doi.org/10.1093/qje/qjv001>
27. https://players.brightcove.net/4352906554001/default_default/index.html?videoId=6036197599001
28. https://players.brightcove.net/4352906554001/experience_5d681b74dbb269001f5423ac/share.html
29. https://players.brightcove.net/4352906554001/default_default/index.html?videoId=6036197599001
30. <https://www.pewsocialtrends.org/2010/11/18/iii-marriage/>

31. https://players.brightcove.net/4352906554001/default_default/index.html?videoId=6036197599001
32. https://players.brightcove.net/4352906554001/default_default/index.html?videoId=6036197599001
33. <https://www.ml.com/women-financial-wellness-age-wave.html>
34. https://players.brightcove.net/4352906554001/experience_5d68236cddb269001f5423b0/share.html
35. <https://www.bls.gov/opub/mlr/2012/12/art1full.pdf>
36. <https://www.newamerica.org/economic-growth/policy-papers/facing-an-american-retirement-security-crisis/>
37. <http://www.aaltci.org/long-term-care-insurance/learning-center/for-women.php>
38. <http://www.aaltci.org/long-term-care-insurance/learning-center/for-women.php>
39. <https://www.epi.org/publication/womens-work-and-the-gender-pay-gap-how-discrimination-societal-norms-and-other-forces-affect-womens-occupational-choices-and-their-pay/>
40. <https://www.earnest.com/blog/gender-pay-gap-earnest-data/>
41. <https://www.aauw.org/research/the-simple-truth-about-the-gender-pay-gap/>
42. <https://www.ml.com/women-financial-wellness-age-wave.html#footnotes>
43. http://news.prudential.com/content/1209/files/PrudentialTheCutExploringFinancialWellnessWithinDiversePopulations.pdf?utm_source=businesswire&utm_medium=newsrelease&utm_campaign=thecut
44. BMO Financial Group, "BMO Report: Despite Controlling \$14 Trillion in Wealth, American Women Still Have Challenges to Overcome," MarketWired, April 2015, <http://www.marketwired.com/press-release/bmo-report-despite-controlling-14-trillion-wealth-american-women-still-have-challenges-tsx-bmo-2006436.htm>
45. <https://www.bloomberg.com/diversity-inclusion/blog/top-10-things-everyone-know-women-consumers/>
46. https://players.brightcove.net/4352906554001/experience_5d5186618dd01100239e3597/share.html
47. Odean, Terrance. "Do Investors Trade Too Much?". *American Economic Review*, LXXXIX (1999), 1279–1298.
48. Brad M. Barber, Terrance Odean, Boys will be Boys: Gender, Overconfidence, and Common Stock Investment, *The Quarterly Journal of Economics*, Volume 116, Issue 1, February 2001, Pages 261–292, <https://doi.org/10.1162/003355301556400>
49. Brad M. Barber, Terrance Odean, Boys Will Be Boys: Gender, Overconfidence and Common Stock Investment, *The Quarterly Journal of Economics*, Volume 116, Issue 1, February 2001, Pages 261–292, <https://doi.org/10.1162/003355301556400>
50. <https://www.fidelity.com/about-fidelity/individual-investing/better-investor-men-or-women>
51. <https://www.fidelity.com/about-fidelity/individual-investing/better-investor-men-or-women>
52. <https://clearingcustody.fidelity.com/app/proxy/content?literatureURL=/9884624.PDF>
53. https://www.fidelity.com/bin-public/060_www_fidelity_com/documents/women-fit-money-study.pdf
54. <https://www.fidelity.com/about-fidelity/individual-investing/better-investor-men-or-women>
55. <https://www.fidelity.com/about-fidelity/individual-investing/better-investor-men-or-women>
56. <https://www.wbs.ac.uk/news/are-women-better-investors-than-men/>
57. https://players.brightcove.net/4352906554001/experience_5d5186618dd01100239e3597/share.html
58. https://players.brightcove.net/4352906554001/experience_5d5186618dd01100239e3597/share.html
59. https://players.brightcove.net/4352906554001/experience_5d5186618dd01100239e3597/share.html
60. Fidelity Women and Money Survey, Dec 2016
61. https://www.allianzlife.com/-/media/files/allianz/documents/ent_1462_n.pdf?la=en&hash=DB76F6EE3B711B77523AABC237F9B37F6E8F2F21
62. https://www.allianzlife.com/-/media/files/allianz/documents/ent_1462_n.pdf?la=en&hash=DB76F6EE3B711B77523AABC237F9B37F6E8F2F21
63. <https://www.cdc.gov/nchs/data/databriefs/db293.pdf>

64. <https://www.cdc.gov/nchs/data/databriefs/db293.pdf>
65. <https://www.cdc.gov/nchs/data/databriefs/db293.pdf>
66. <http://www.aaltci.org/long-term-care-insurance/learning-center/for-women.php>
67. <http://www.aaltci.org/long-term-care-insurance/learning-center/for-women.php>
68. https://assets.aarp.org/rgcenter/il/fs77r_ltc.pdf
69. https://www.healthsystemtracker.org/chart-collection/u-s-spending-healthcare-changed-time/#item-health-services-spending-growth-slowed-a-bit-in-recent-quarters_2018
70. <https://www.medicare.gov/what-medicare-covers>
71. <https://longtermcare.acl.gov/medicare-medicaid-more/medicare.html>
72. <https://www.aarp.org/retirement/social-security/questions-answers/how-much-longer-will-social-security-be-around/>
73. https://players.brightcove.net/4352906554001/experience_5d0cd77501c411001f80fe8c/share.html