Taking the Reins

While women are more likely than ever to be managing their own financial lives, they face a unique set of challenges. But by getting engaged and educated, they can build confidence and competence—and ultimately create stronger, more secure futures.

Illustrations by Dror Cohen

UNTIL QUITE RECENTLY, personal investing and financial planning were largely the domain of men. Today, women are increasingly college-educated, make up a larger part of the workforce, and are in control of more money and assets than ever before. At some point in their lives—if not throughout—they are likely to be managing their own financial futures.

But with this growing responsibility comes a unique set of challenges. Compared to men, women have both fewer resources and greater expenses in retirement. They feel less confident and knowledgeable about investing, and are often more focused on day-to-day finances than on long-term goals and security.

Taken together, these factors can make it harder for women to successfully plan ahead. But by getting educated, setting goals, finding trusted guides, and taking charge of their financial lives, women can become effective planners and investors—and even outperform men on their bottom lines.

"When you're in control of and pay attention to where your money's going, that gives you a sense of awareness, confidence and competence in your daily life that cannot be undervalued," says Billy Hensley, president and CEO of the National Endowment for Financial Education (NEFE), a nonprofit that works to improve and maximize the impact of financial education. "You are the chief financial officer of your life. Why not be the best one you can be?"

"Where's the *you* in this?"

BEFORE TAMMY BUTTS BECAME a financial professional, she worked at a bank. It was a good job, with solid health and retirement benefits and an income that made Butts her family's primary breadwinner. When Butts gave birth to twins prematurely, she took time off to care for them, which was the right decision for her family. But it also created unanticipated financial stress.

"I wasn't earning a paycheck," says Butts, a Chicago-based Executive Vice President and Branch Manager for Equitable Advisors. "We lost my benefits. I wasn't able to contribute to my 401(k) or get the match on it. We were living off savings. We had a pre-twins plan where we were on track and we needed to adjust to a post-twins reality."

Putting others first, women are more likely to forget to consider both themselves and their futures. While men consider growing their retirement savings to be their top financial priority, women rank supporting their families, building an emergency fund, and sticking to a here-and-now household budget above saving for retirement. Women also spend more time than men as primary caregivers for children and aging parents.

Yet women can't afford to not engage with the future—while they earn less than their male peers, are less likely to invest than men, and put less into those investments, they usually live longer, with greater expected care expenses as they age. As a result, they are more likely to see their standard of living decline or even end up impoverished in retirement.

"Most people are not positioned where they need to be for retirement," Butts says. "But women are dramatically behind men. We live longer, so we're more likely to have physical and activity limitations due to disability, and more likely to need long-term care. I tell people all the time, you go to any nursing home and you'll see more women than men."

To help her clients prepare for tomorrow, Erica Sylvia, a California-based financial professional at Equitable Advisors, asks them to think about upcoming milestones: five, 10, 20 years in the future. How do they see their lives? What do they see themselves doing? What do they *want* to be doing?

"There's this thing that is very, I think, unique to women, where they peg milestones to everything but themselves," Sylvia says. "It's 'when my kids graduate, when my husband retires.' And I'm like, 'these are all good, these are all important, but where's the *you* in this?' We are talking about your goals, your dreams, your expected timelines."

"It's about being able to sleep at night"

EVERYDAY DECISION FATIGUE can make it easy for women to delegate financial planning. One of financial advisor Michelle Curry Felendes' clients is a successful attorney who earns more than her husband. She manages the couple's bills, but not their long-term saving and investing.

Calling the Shots

59%

Percentage of women who are the primary manager of their households day-to-day finances.

51%

Percentage of women who have primary responsibility for household investments.

48%

Percentage of women who manage retirement planning for themselves and their partners.

A Growing Share

$10.9T

$10.9 TRILLION, Amount of assets controlled by women in the U.S.

$30T

$30 TRILLION, Amount of additional assets expected to be controlled by U.S. women over the next decade.

Greater Needs, Fewer Resources

7

Average number of years that women are expected to outlive men in the U.S.

$300,000

Projected remaining lifetime healthcare expenses for a healthy 65-year-old woman retiring in 2022.

-30%

Percentage gap in average retirement savings between women and men.

"When we first connected, she still deferred all of the investment conversations to him," says Felendes, who works with Equitable Advisors in California. "I was concerned by her disinterest, since this is her future livelihood, and especially coming from someone who was otherwise in the control seat."

Another challenge unique to women? They are significantly more likely than men to have experienced bias, discrimination, or exclusion within the world of financial services. Women are also more likely to feel blocked or discouraged from engaging with financial services and products.

"Historically, women haven't been encouraged," Sylvia says. "I grew up being taught to save, save, save. No one told me to check out the stock market or look into investing. So when you're a woman in your 40s, 50s, 60s and you start having those conversations, that's a pretty big gap you've got to cover in order to feel comfortable."

Equitable has found that women tend to be frustrated by the jargon surrounding financial products, which in turn leaves them unsure about how much they need to save for retirement and concerned about outliving their savings. In fact, nearly 60 percent of women worry about their finances multiple times a month, and just one in 10 feel as though they have their financial stress completely under control.

"So often, people think [financial planning] is about the numbers," Butts says. "It's not. It's about being able to sleep at night. We're staying up at night [saying], 'what would happen to my family if something happens to me? Am I going to have enough? The rising cost of college, how am I going to pay for it? If I get divorced or something happens to my partner, who's going to take care of me?"

Add this stress to a lack of confidence, Butts says, and the result can be paralysis—a reluctance to even think about preparing for tomorrow.

"When we get into finances, a lot of people have a hesitancy," she says. "They think they should know more, so they're embarrassed to ask questions. We've got to break the ice."

"Women Need to be Engaged"

by **CONNIE WEAVER**
Chief Marketing Officer, Equitable

Financial planning can seem challenging and mystifying. But as I've learned from experience, women can empower themselves to create security and fulfillment.

WHEN I WAS A CHILD, my parents divorced. That had a major impact on my mother, who wanted to protect and provide for us. She had never worked. She also knew very little about money matters, because she always deferred to my father for financial decisions. My mother started a small business in the late 1960s to make ends meet, which she grew over time with us kids pitching in. Similarly, it took a while for her to gain the knowledge and confidence to manage her investments with an eye toward creating financial security.

Ever since that split, I've been deeply interested in the financial well-being of women. Compared to men, we have distinctive needs—and face distinctive challenges—across our financial journeys. Yet too often, the financial world struggles to understand exactly where we're coming from, to meet us where we are, and to connect with where we want to go in life. More than numbers on a spreadsheet, we need financial planning that considers the whole person and connects with our most important goals and commitments, and provides workable, relevant solutions that consider our lifestyles and values—ultimately, our purpose.

Without those things, it's all too easy for women to disengage. After all, our plates are already full. We're caring for our families and loved ones, managing our day-to-day finances, running businesses and climbing the career ladder. Financial planning can feel like another exhausting set of decisions that we're just too tired to make. Investing can seem ambitious, not to mention mystifying, full of technical language, abstract concepts, and industry jargon.

But women need to be engaged. We must take smart steps today to be ready for tomorrow. We live longer than men and have greater needs in retirement, but we're often less financially prepared. It's vital that we take active, ongoing roles in our financial futures.

THE GOOD NEWS IS, WOMEN CAN DO THIS. Our everyday budgeting and saving skills readily transfer into investing and growing wealth over time. Our awareness of risk can help us create resilient financial plans that protect what we value most. By educating ourselves and working with financial professionals, we can build our competence and confidence—empowering ourselves to create security and fulfillment.

During my 35-year marriage, I focused on my career while my husband, Dave, a retired executive and accountant who authored books on the subject, had the time to manage our money more closely. I know a great deal about investing, but I never enjoyed it as much as he did. After being widowed, I had no choice but to focus fully on my financial life. That's when I realized I hadn't been heard by our financial advisor. Like the 70 percent of widows who choose to change their financial professionals, I needed to work with someone else.

This process wasn't easy. I ultimately had to find a financial advisor who understood what I cared about, what inspired me, and what kept me up at night. I needed a trusted ally and guide. Together, we have created a plan based on who I am and how I want to live—and today, I have more confidence about the future that I'm shaping. All women deserve the same, a financial professional who takes the time to really understand what's important to us.

“This is something I can do”

FELENDES ALWAYS EXCELLED AT MATH and loves helping others. While her father taught her about investing and encouraged her to put money into a retirement account, she didn’t grow up thinking she would become a financial advisor.

“There was a social norm of, ‘that’s a guy’s thing,’” she says. “It wasn’t until I started looking for jobs that I realized, ‘oh, this is something I can do.’”

The first step toward taking charge of your financial future is realizing that you can and should be engaged. But what comes next? Here are three tips to get started:

1. Demystify the process

You’ve got to take away the mystery of the word investing,” Sylvia says. “That’s a big, vague term. What does it really mean for you? Are you trading options? Or are you actually buying CDs for your grandkids?

Financial planning can seem like a confusing, arcane jumble of numbers and acronyms. But it’s really more like going into a backyard shed to select the right tools for a particular job—in this case, meeting your current and future individual financial needs. Depending on your situation you may need a hammer, while others might be better off with a shovel.

Many free and low-cost financial education resources are available to help, including information from workplace retirement plan providers. Another option is to work with a financial professional: Equitable has found that women who have a financial advisor are significantly less worried about running out of money than women who don’t.

Similarly, NEFE has found that women are significantly more likely than men to feel confident making financial decisions because they had a trusted advisor or counselor they could consult with in making the decision.

“There’s a big myth that when you go meet with your financial advisor, we’re going to tell you what to do,” Sylvia says. “But we’re actually educating and empowering you to make the decision you need to make—because only you can decide what’s most important to you and what’s best for you.”

2. Prioritize and set goals

Before you can make a plan to budget and save in order to invest and grow, you need to understand what your most important goals are—both in the short and long term.

Suppose you have student loans to pay off—but also want to build a retirement nest egg. Can you do both at the same time? Should you? On what timetable?

“With student loans, I find that people get frozen, saying, ‘oh, I can’t save because I have to pay these off,’” Felendes says. “And that’s great. You can make those payments. But instead of paying them off in, let’s say, five years, you could start saving and investing money that’s then earning for you—and then, at the end of six years, you’ve paid them off and you also have an investment that has actually grown.”

Beyond strengthening your financial position, goal-setting can boost your financial confidence. NEFE has found that people feel most confident making decisions with a specific goal in mind, such as paying off debt or saving for retirement.

“Being goal and task-oriented builds your confidence—you narrow your focus and learn more about those particular topics,” Hensley says. “Building confidence is an encouraging way to think about overcoming bias and discrimination, or feelings of being discouraged.”

3. Make a holistic plan

In order to successfully plan ahead, it’s crucial to consider more than just a target savings amount. Where do you want to live? Who do you want to spend time with? How do you find purpose and meaning?

“It’s switching the investment conversation to say, ‘What does this money do for me? How does it relate to what’s really important to me and my goals?’” Felendes says.

Holistic financial plans also are designed to be resilient. Life insurance, annuities, disability income insurance, and other financial products can hedge against sudden and unforeseen challenges, such as a health crisis or the loss of a spouse.

“Plans today aren’t simply putting your money in the stock market and hoping that you’re going to have accumulation,” says Connie Weaver, Chief Marketing Officer of Equitable. “It’s more complex. It’s looking at what your life goals are and determining how you want to protect yourself, what kind of legacy you want to leave to the next generation.”

“It’s a beautiful evolution”

WHEN WOMEN ENGAGE WITH FINANCIAL PLANNING, the payoff can be profound. In fact, a 2018 study by Warwick University in the United Kingdom found that women investors actually outperformed men by 1.8 percent.

How did they do it? They saved more of their paychecks. They added more to their savings. They traded less frequently, chose less speculative investments, and took a longer-term perspective with those investments.

Felendes isn’t surprised. She says her female clients are often excellent listeners, eager to learn, and natural problem-solvers. Over time, they’re capable of dramatic transformations—going from nervous and unsure to engaged and confident, setting goals and creating plans that meet their needs today and tomorrow.

“It’s a beautiful evolution,” she says. “There’s less of that nervousness, and they can go on living their lives, not worrying about their finances. When you’re confident in your personal finances, you’re just more confident in life. You’re going to show up better to your work and for your family because you have that knowledge that, ‘I’m doing the right things, I’m taking care of my present and my future.’”

Article produced in collaboration with

Atlantic Re:think

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