

# WOMEN AND MONEY



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# WOMEN AND MONEY



When it comes to women and money the news can be gloomy. We live longer, earn less, and are less secure in retirement. The good news is that women can also be terrific budgeters, investors, and entrepreneurs. For example, take women business owners. In *Millionaire Women Next Door*, Thomas Stanley profiles female entrepreneurs who have become millionaires. Here are some of the things that he learned about these women in his research:

- Nearly all are homeowners, and one in three owns her home outright
- They are significantly more likely than men to have a detailed accounting system for tracking household expenses, research stocks more thoroughly, and have a well defined set of both short and long-term investment goals
- Total average income is a whopping \$413,960 and these women earn 71% of the household income
- They are frugal, and certainly more frugal than men
- Their average age is 52
- Eight out of ten are mothers
- Half of those who are currently married have been divorced at least once

Sure, the deck may be stacked up against women, but with some planning, hard work, and a willingness to learn, women can be financially successful. If you want to be financially successful, the first thing that you have to tackle is the family budget. Millionaire women are frugal, wise with money, but not necessarily cheap and they are also great at budgeting. You need to know where your money is going, if you haven't done so already, start tracking your spending and create a budget. If you have a family, involve them in the process. Visit [www.wvtreasury.com](http://www.wvtreasury.com) for helpful ideas on budgeting.

Once you have created your budget and started tracking your expenses, you will want to find ways to get the most for your money. The less you spend the more that you have to save and invest. Don't be afraid to clip coupons or commit your family to turning the lights out when they leave a room, because every little bit helps.

## BE A SMART SPENDER



- Women control \$3.3 trillion in annual consumer spending
- Women make 62% of all car purchases
- Women take more than 50% of all business trips

## EARN YOUR WORTH



- Women earn 77¢ for every dollar men earn on average for full-time, year round work.
- Women earn less than men in almost every type of industry, including highly paid professions like doctors and lawyers.

Women are much less likely to negotiate pay on a job, and they are less likely to ask for a raise. Research has found that women's salary expectations are between 3 and 32% lower than those of men for the same jobs. Men expect to earn 13% more than women during their first year of full-time work and 32% more at their career peaks.

It is important to research pay rates for the type of work that you do, in order to negotiate a salary and eventually pay increases. If you don't you are not only shortchanging yourself in your current job, but also in the terms of your lifetime earnings. Statistics show that women who consistently negotiate their salary have been found to earn at least \$1 million more during their careers than women who don't.

If you are a mom looking to balance a career and family, check out [www.workingmother.com](http://www.workingmother.com) for Working Mother's Magazine's list of "Best Companies for Working Moms." If you are looking for a great work environment with benefits or the opportunity for advancement, Fortune also publishes an annual list of the 100 Best Companies to Work For, [www.fortune.com](http://www.fortune.com). Finally, if your company offers tuition reimbursement, take advantage of it and take classes to increase your salary and marketability.

Perhaps you just can't seem to find a job that gives you the flexibility or opportunity you want; starting your own business may be your ticket to financial independence. It isn't always easy, but you can often test the waters by starting a small business part-time or from home and grow at your own pace. A terrific resource for small business advice is SCORE which provides free business planning and consulting advice.

Visit [www.score.org](http://www.score.org) for more information. Be very cautious about work from home opportunities that promise lots of money for little work – especially if they also require a large upfront investment.

## GET YOUR CREDIT IN SHAPE

Women shoulder the largest burden when their family is in financial trouble. Three quarters of wives assemble the paper work for credit counseling alone, and women are twice as likely as their husbands to pay the bills and deal with bill collectors.

According to researcher Elizabeth Warren, in *The Two Income Trap*, the single greatest predictor of whether a woman will end up in financial ruin is if she has children. That does not mean that you shouldn't have children, however the added financial responsibilities of parenthood mean that if you do have children then you should budget more carefully and be extra vigilant about avoiding debt and setting aside money for emergencies.

It is also important to maintain your own credit history and try to keep it strong. Too often women want to help their loved ones (including spouses) by cosigning loans, lending them money, or taking over the bills. This can be detrimental to your credit rating.

No one wants to think that their marriage won't make it, but the truth is that debt and money troubles are cited as one of the major reasons for divorce. Do not cosign loans for a partner or spouse with a bad credit history. You could end up with debt that lasts longer than the marriage. Even if you stay together, it is important to have one spouse with a strong credit history and a low debt to income ratio – especially in case of emergencies.

Check your credit history at least once every year; you are entitled to at least one free credit report each year, and if it is less than perfect start the process of correcting errors and rebuilding your credit. It is never too late. Visit [www.wvtreasury.com](http://www.wvtreasury.com) for free publications about credit reports and scores, as well as a myriad of topics including divorce and credit.

If your family is digging itself into debt, don't be shy about asking for help. Even if your spouse isn't willing to acknowledge the problem, it is important to obtain advice before the situation becomes so bad that you have no choice but to file bankruptcy.



**Saving Money**

# PLAN FOR TOMORROW



- Women rely on Social Security to provide half of their total income if they are unmarried at age 65 and older. In contrast, Social Security benefits comprise only 37% of unmarried men's retirement income and only 34% of elderly couples' income.
- Women live longer, with an average life expectancy of almost 80 years compared to 74.5 for men.
- Women represent 58% of all Social Security beneficiaries age 62 and older and approximately 71% of all beneficiaries age 85 and older.
- Women are unlikely to have pension income. Only 18% of women aged 65 or older receive their own pensions (either as a retired worker or survivor) compared to 31% of men.

Realize that it is never too late to start saving for retirement. Start small if you must – just start, urges Ruth Hayden, author of *Start Where You Are*. Even if you are at or approaching traditional retirement age (55-65), you may still have 25-30 years for your investments to grow.

Women can be excellent investors if they take the time to learn. If you haven't had the time or opportunity to study the stock market yet, join or start an investment club with other women. It is inexpensive to get started, and you'll develop skills that will help you make better decisions about your retirement funds. Visit [www.betterinvesting.org](http://www.betterinvesting.org) for information on investment clubs.

# TAKE CARE OF YOUR LOVED ONES



A recent women's [www.wallstreet.com](http://www.wallstreet.com) survey revealed that only 42% of women have a will. What would happen to your family, your property, or your children if you died? Don't leave it to chance. If you cannot afford an attorney, then at least visit [www.nolo.com](http://www.nolo.com) for inexpensive software that will allow you to prepare your own will. Wills do not have to be prepared by an attorney to be legally binding. Simply writing, or dictating to a competent writer, your wishes in the presence of a witness will suffice, in an urgent situation. Independent paralegal services can also assist in will preparation. It's also important to have adequate insurance. Take life insurance, for example. If you work outside your home, your family may also have to hire someone to handle the household duties you take care of. If you don't work outside the home and have children, your family would still likely incur expenses to hire someone to do what you do (and chances are you are underpaid.) Life insurance may be much more inexpensive than you realize. You will also need disability insurance if your family relies on your income. You are more likely to become disabled than to die before age 65. If your employer provides a disability insurance policy, consider purchasing one. If not, shop for your own disability policy through an insurance agency.







## ADDITIONAL RESOURCES



For more inspiration and advice, visit your local library or bookstore for some of these helpful books:

*From Money Shy to Money Sure* by Olivia Mellan

*How to Turn Your Money Life Around* by Ruth Hayden

*It's Your Money: Achieving Financial Well-Being* by Karen McCall

*Secrets of Six-Figure Women: Surprising Strategies to Up Your Earnings and Change Your Life* and *Prince Charming Isn't Coming* both by Barbara Stanney

*Why Good Girls Don't Get Ahead...But Gutsy Girls Do: Nine Secrets* by Kate White

*Every Working Woman Must Know* by Kate White

*Women Don't Ask: Negotiation and the Gender Divide* by Linda Babcock and Sara Laschever

*Women & Money* by Dee Lee

*Let's Talk Money* by Dee Lee



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