

# Women and Investing

MANISHA THAKOR and SHARON KEDAR, co-authors of *On My Own Two Feet: A Modern Girl's Guide to Personal Finance*, go on the record to explain why women need to get more involved with their money.

Forget diamonds. These days, financial knowledge is a girl's best friend. The global market turmoil of 2008 highlighted how financial literacy is essential for absolutely everyone. However, it's extra important for women. That's because when it comes to money, women have severe headwinds to contend with. As compared to men, women:

- Live longer—an average of 7 years
- Earn less—averaging 79 cents for every dollar men earn
- Spend fewer years in the workforce—averaging 11 fewer income-earning years as a result of career breaks to care for children and aging parents.

The result? Women over age 65 today are a whopping two times more likely to live out their golden years in poverty than men. That's why all women need to get more involved with their money.

The big challenge however, is that most people—women AND men—find personal finance to be B-O-R-I-N-G. We know a lot of very smart people who feel this way. So we have two messages we'd like to spread. The first is that when distilled to the basics, the recipe for top-notch personal financial practices is actually quite simple. The second message is that personal finance is ultimately not about money. It's about living your life from a place of financial strength so you can make your dreams come true. For women, this empowerment provides the foundation to choose everything from life partners to career moves for the right reasons—because they make your heart sing, not simply because of the money. That's why we like to say, “When you own your finances, you own your life.”

## A basic cushion

Being smart about personal finance is important for women of all ages. Consider women in their 20s and 30s. Did you know that the average woman in this age group has less than \$500 saved, yet her average unexpected expenditures in a given year are \$2,000? That's a classic recipe for stress when those inevitable surprise expenses come up. Sadly, less than one in three Americans (men included) routinely set aside money for emergencies. While having a three-to-six-month emergency fund may sound like an obvious financial strategy for the seasoned *On Investing* reader, you'd be surprised to discover how many of your friends, co-workers and loved ones don't have this basic financial cushion.



SHARON KEDAR, LEFT, AND MANISHA THAKOR SAY WOMEN NEED TO APPLY THE POWER THEY HAVE GAINED IN THE WORLD TO MANAGING THEIR FINANCES. CHECK OUT THEIR WEBSITE AT [ONMYOWNTWOFEET.COM](http://ONMYOWNTWOFEET.COM)



## Living paycheck-to-paycheck

Let's next consider the woman in her 40s, 50s, and 60s. Perhaps she is juggling a job, taking care of kids and running a household. She and her family seem to be living a life similar to any of her neighbors—buying comparable cars, taking the same trips; so everything must be OK, right? Well... are you sitting down? You might want to, because here's a startling statistic: seven out of every 10 Americans are essentially living paycheck-to-paycheck.

If the whole country got financially naked, so to speak, you'd likely be amazed at how many people making six figures (yes, SIX FIGURES) are living from one paycheck to the next. The harsh truth is that millions of Americans have been living beyond their means for years. It's not that people want to make bad decisions. The problem is that personal finance, like parenting, is one of those things we are all supposed to just "pick up." On top of this, society doesn't exactly encourage

people to be open and honest about a lack of financial knowledge. This is why time and again money is cited as the #1 cause of fights in relationships and stress in general. Talking money with one's honey and consulting a financial advisor for help can go a long way toward reducing money-related stress.

## The sole provider

Let's talk about women in their 70s, 80s, and beyond. Did you know that 80% of men die married while 80% of women die single? That means the vast majority of women will find themselves the sole provider at some point in their lives. Given that most of us will not have the traditional pension, we'll need to rely heavily on our savings and financial planning skills to pay our bills later in life.

And even if we as a nation "save" Social Security, that doesn't erase the problem. The average woman on Social Security receives less than \$1,000 a month. That often means choosing between essential foods and medicine—hardly a recipe for enjoying one's sunset years. The action step for a woman heading into this life stage is to get involved with her money today, before a crisis hits.

## Taking charge

At any age, taking charge of your money puts you in the driver's seat. Looking across the arts, the corporate world, the government—women have never been as powerful as we are today. It's time we apply that power to managing our personal finances. ■

# Q & A

## Where do financial matters rank as sources of stress for women?

In its Fall 2008 "Stress in America" survey, the American Psychological Association saw women reporting higher levels of stress—much of it about money. The top three sources of stress were

- The economy (84%)
- Money (83%)
- Family health problems (70%).

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