

WOMEN TAKE A LARGER ROLE IN FAMILY FINANCE

Financial advisers are noticing a shift.

Provided by Renita M. Owens, CPA, PFS

A development few have noticed. The recession that started in 2007 quietly brought an economic shift to millions of American families - the woman of the house became the primary wage earner.

In June 2010, Labor Department data showed that nearly 22% of American men aged 25-65 were unemployed. This male population also undoubtedly makes up a big chunk of the “underemployed”, which includes part-time workers and those who have given up looking for jobs. As of June, 16.6% of Americans were underemployed.¹

So in mid-2010, we have a situation where perhaps about 25% of men aged 25-65 cannot find full-time work. (That figure might be higher.) It’s also worth noting that layoffs have plagued construction and manufacturing - two sectors of the economy with mostly male employees.

The effects? Women are presently breadwinners in millions of families. When a new breadwinner emerges in a family, you often have some shifts in the family’s financial life - and financial priorities and objectives can be altered.

As an article on the website of *Financial Advisor Magazine* noted, some financial consultants are seeing a “significant uptick” in the number of women asking them for advice.² When a secondary earner in a family becomes the prime earner, that person usually develops more awareness of the family’s financial state and may seek financial advice in a way that the previous breadwinner has not.

In 2010, are women more realistic about retirement? The 2010 Retirement Confidence Survey from the respected Employee Benefit Research Institute (ebri.org) indicates that women are much more realistic (and pragmatic) about their financial readiness for retirement than men. In the 2010 survey, 19% of men said they felt that they would have enough money to live comfortably throughout their retirement years, while only 12% of women taking the survey said so. While 33% of men felt they would have enough money to cover basic retirement expenses, only 25% of women did.³

If you ask many financial consultants, they will tell you that they find women more open to financial education, with fewer entrenched beliefs and presumptions. Women are often quick to realize how much they don’t know, how much they can learn, and how much needs to be done. Only 22% of the workers in the 2010 EBRI Retirement Confidence Survey said they had savings or investments of more than \$100,000, so coming to the realization that you need to do more for retirement is a very good thing.⁴

Some men have a very subjective take on the financial world and their financial status and potential, whereas women tend to be in search of a candid, objective assessment

of what needs to be done and what options are available. With the economy affecting retirement accounts, retirement dreams, and employment, it isn't surprising that high-earning women are taking the lead for millions of families - and taking and interpreting all the financial advice they can get.

Renita M. Owens, CPA, PFS is a Representative with Capital Investment Group, Inc. and may be reached at www.cpawork4u.com, (864)233-4163 or rowens@capital-invest.com or renita@cpawork4u.com

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Citations

- 1 - marketwatch.com/story/the-three-biggest-lies-about-the-us-economy-2010-06-29 [6/29/10]
- 2 - fa-mag.com/fa-news/5688-recession-turns-women-into-breadwinners.html [6/17/10]
- 3 - ebri.org/pdf/surveys/rcs/2010/FS-05_RCS-10_Gender.pdf [3/10]
- 4 - ebri.org/pdf/surveys/rcs/2010/FS-03_RCS-10_Prep.pdf [3/10]