

One For The Ladies – Is Financial Planning Different For Women?



A recent global poll by UBS suggested that women are ‘acutely aware’ of their long-term financial needs. The poll suggested that the top three needs of women respondents were:

- Retirement planning
- Long term care
- Insurance

In view of this, you would expect that women would be taking the lead in managing their own financial planning.

The same report, however, shows that only 23% of women took charge of long-term financial planning, with the vast majority deferring to their husband for financial planning decisions.



On reflection, the report should not have surprised me.

The majority of my clients are men or couples (where the man takes the lead on most of the decisions).

Single woman clients, (and those in a relationship but unmarried) are rare clients indeed, and to be honest, I had not really thought about the reasons.

It seems logical though, to suggest that expat women need to take a more active look at their own financial planning.

There are many reasons, but I'll start with:

- Most of the ladies (about 75%) have not yet done any active financial planning!

And here are a few more reasons...

Women Live Longer Than Men



According to the WHO, on average, women tend to live between 6 and 8 years longer than men.

Though this is based on stats for newborns - girls are much more likely to see their first birthdays than boys in many countries.

This 6 to 8 years figure can narrow for adults to around 3 to 6 years, when relative rates of cancer and cardio-vascular disease are considered.

Men typically make more risky life choices too, and it catches some of us out. The bottom line is that women need to plan for a longer retirement.

The Earning Gap



Whilst great steps have been made in reducing the earnings gap in some fields, in others, the gap has either stayed the same or widened.

Women are also more likely to work part-time, or work a lesser-paid job, whilst supporting their male partner.

This obviously means that statistically, women have less disposable income with which to plan for their retirement than men.

Career Breaks

Women are more likely to take a career break than men – whether it is maternity leave, time off to take care of an elderly relative, or just a break, the impact is the same – less disposable income, so less can be invested.

Divorce



A study by 'The Journal of Sociology' in the USA suggested 'Married respondents experience per person net worth increases of 77% over single respondents.

Additionally, their wealth increases on average 16% for each year of marriage.

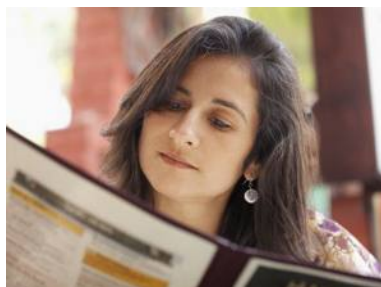
Divorced respondents' wealth starts falling four years before divorce and they experience an average wealth drop of 77 percent.

While in percentage terms divorce hurts women more than men', though this is difficult to quantify due to varying divorce laws in different countries. It does suggest again, that women need to consider their own financial planning, married, single or divorced!

Conservative Investors

When investing, women are typically more risk-averse than men. Potentially, missing out on some greater gains available with more adventurous strategies.

Involvement in Financial Decisions



Research by Fidelity shows that when women are involved in financial decisions, they report that they are less stressed about their finances, and report that fewer mistakes are made in those decisions.

This really should not be a surprise.

We are always more comfortable knowing that we had a hand in a decision-making process.