

## Overview

Although women have made great strides in the workplace and politically, they still face economic challenges. While women-owned businesses account for nearly 40 percent of all privately held firms in the U.S.,<sup>1</sup> women hold only 10 percent of top executive positions (CEO, CFO and so on) in companies that compose the S&P 1500 stock index.<sup>2</sup>

Starting in 2019, at least 128 women — a record number — will serve in Congress, including 23 senators and more than 100 in the House of Representatives.<sup>3</sup> Their ranks represent only 23 percent of Congress' members, despite the fact that women account for more than half (51 percent) of the U.S. population.<sup>4</sup>

These statistics represent some of the accomplishments women have fought hard to earn as well as the challenges they still face as a demographic. However, it's really at the individual level where the rubber meets the road, especially when it comes to managing money.

## Income Challenges

Although income equality has improved in the last few years, women still earn an average of 20 percent less than men.<sup>5</sup> Other than just not having as much disposable income as men, the detriment of lower earnings has a long-term impact. It means that women are less able to save and invest money for the future, and their Social Security benefits will be lower as well.

As they age, women also tend to see their income drop at a faster rate than men.<sup>6</sup>

### Age-Based Income Reduction Trend: Women vs. Men<sup>7</sup> (Average weekly earnings of full-time workers by age)



## Lifestyle Challenges

Some of these income differentials are due to the fact that women frequently leave the workforce for extended periods of time to raise children. And while moms in the workplace often are viewed as having multiple priorities that can distract them from work, the perception of a family man tends to be more positive because he is viewed as steady and reliable — because he has a family to support.<sup>8</sup>

***"Some employers may view motherhood as a 'signal of lower levels of commitment and professional competence.' Working fathers, on the other hand, may be viewed as having 'increased work commitment and stability.' "<sup>9</sup>***

## Lifestyle Advantages

It all seems to add up to a negative scenario for women. However, it's important to recognize the extraordinary advantages that women can rely on to help improve their financial independence.

First of all, women tend to be in charge of their household budget. This means they may control the purse strings and be in a position to know where and how to cut costs. In fact, when it comes to saving money, women consistently save a higher percentage of their income than men — at every salary level.

Second, women tend to be more verbal than men. So when they seek help from a financial advisor, they are more likely to ask lots of questions, inquire about fees and expenses and basically "shop" for value as they do for household items.

Third, women are less inclined to chase performance. Instead, they are more lifestyle oriented, focused on specific goals that their investment plan is designed to support.

Fourth, women tend to be more conservative when it comes to investing, but that's not necessarily a bad thing. It's not that they don't want to invest for growth, it's that they are more preservation minded; they prefer lower-risk, conservative growth. Think of it in terms of the fable about the hare and the tortoise, only women have an even greater advantage in the race because it is actually longer for them. Because women tend to live longer than men, they have a longer investment horizon for assets to accumulate. They can invest aggressively and endure a higher risk of roller coaster-like returns, or slow and steady for the long game.

And despite this penchant for low-risk investing, research from Fidelity reveals that, on average, women's investments have performed better than men's by 0.4 percent, which can have a significant impact over time.<sup>10</sup>

## Final Thoughts

Women's confidence as investors has not kept pace with their business acumen and influence despite their growing impact on the economy.<sup>11</sup> However, they do control substantial assets, and the way they inherently approach financial matters can provide a strong, long-term advantage to money management.

By acknowledging their own growing economic power and recognizing their distinct financial planning needs, women are poised to achieve a high level of investment literacy and competency in the pursuit of financial independence.



<sup>1</sup>National Association of Women Business Owners. 2018. "Women Business Owner Statistics." <https://www.nawbo.org/resources/women-business-owner-statistics>. Accessed Nov. 14, 2018.

<sup>2</sup>Drew Desilver. Pew Research Center. April 30, 2018. "Women scarce at top of U.S. business - and in the jobs that lead there." <http://www.pewresearch.org/fact-tank/2018/04/30/women-scarce-at-top-of-u-s-business-and-in-the-jobs-that-lead-there/>. Accessed Nov. 14, 2018.

<sup>3</sup>Claire Hansen. US News & World Report. Nov. 13, 2018. "The Women of the 116th Congress."

<https://www.usnews.com/news/politics/slideshows/the-women-of-the-116th-congress>. Accessed Nov. 14, 2018.

<sup>4</sup>Ibid.

<sup>5</sup>Sonam Sheth, Shayanne Gal and Skye Gould. Business Insider. Aug. 27, 2018. "6 charts show how much more men make than women." <https://www.businessinsider.com/gender-wage-pay-gap-charts-2017-3>. Accessed Nov. 14, 2018.

<sup>6</sup>Ibid.

<sup>7</sup>Ibid.

<sup>8</sup>Ibid.

<sup>9</sup>Ibid.

<sup>10</sup>Fidelity. May 18, 2017. "Who's the Better Investor: Men or Women?"

<https://www.fidelity.com/about-fidelity/individual-investing/better-investor-men-or-women>. Accessed Nov. 14, 2018.

<sup>11</sup>Ibid.

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