



Women AND INVESTING

One such way to reframe financial planning is to move it from “financial chore” to “financial selfcare.”

These days, the importance of self-care is recognized almost universally within America. Even though it’s often the first thing male investors forgo when stressed or anxious, taking time out of the day to care for one’s mental, emotional, and physical health has been recognized by mental health professionals as one of the healthiest daily practices possible. Here’s the kicker: Women not only universally understand the importance of self-care, they often appreciate and identify with others who do so as well.

WOMEN AND INVESTING^{1,2}

•While a longer life is surely a blessing, longevity is actually one of the biggest challenges women face. Without proper preparation, living a longer life could result in financial hardship.

•While a longer life is surely a blessing, it can also present many hardships if you don't plan properly and run out of money.

•In the U.S., there are 126 women for every 100 men aged 65 and older. At 85 and older, there are 187 women for every 100 men

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•Since women typically outlive men, many women find themselves dealing with the deaths of their spouses.

•When one spouse experiences the loss of another, among the grief and sadness that naturally follow, there may be some major financial concerns to address as well, including the deceased spouse's pensions, Social security benefits, and so on.

•Statistics suggest most women will live alone at some point during retirement. Many will need to, therefore, take sole responsibility for their finances.

WOMEN'S INVOLVEMENT IN INITIAL FINANCES⁵

• 56% of women say they think talking about finances is "too personal."

• 47% of women don't feel comfortable talking with a financial professional about money and investing.

• 27% of women claim that they were discouraged from talking about finances while growing up.

• In some cases, women might not be as involved in making financial decisions, and this can leave them dangerously underprepared for the future.

• Women must be engaged and take interest in and responsibility for their financial futures. Educating you and helping you make the most informed decisions is one of our favorite parts of our job.

• Half of women aren't having the conversations on their own that they could be having with their financial professionals. We encourage you not to be hesitant to open up and talk about finances. We all must address this critical aspect in life, no matter how much money you make or how little you have saved.

• Both the challenges and the strategies we have discussed today can be very difficult to balance properly. As we have highlighted, just taking 1 misstep can make the difference between enjoying a prosperous retirement and running out of money. Please let us help you preserve what you have worked so hard to earn.

WOMEN NOT ONLY UNIVERSALLY UNDERSTAND THE IMPORTANCE OF SELF-CARE, THEY OFTEN APPRECIATE AND IDENTIFY WITH OTHERS WHO DO SO AS WELL.



WOMEN AS CAREGIVERS⁶

- 65 % women are likely to become caregivers as opposed to 35% of men.
- Statistics show that women are more likely to be full-time caregivers than men. While a valuable contribution to the ones they love, caregiving may reduce a woman's time spent in the workforce.
- Caregiving can also be costly on time, and many women spend a significant part of the week caregiving. This can directly affect the time they have available to earn income.
- These challenges can create an even bigger gap between the financial resources women and men have at their disposal.

WOMEN ARE MORE CONSERVATIVE INVESTORS^{7,8}

- Women might end up with less money at retirement than men thanks to their risk aversion.
- Women churn their portfolios 45% less than men.
- Women investors beat men's portfolio performance by 1.2% in one multi-year analysis, and by 0.4%, in another.
- On average, women invest 40% fewer dollars than men do.
- Behavioral finance studies tell us that women and men think about saving and investing differently. Research suggests that women tend to be more risk averse and are less comfortable

taking on additional risk to pursue potential growth.

- The danger of too-little risk is that it can threaten future investment growth, which can result in less retirement income.
- While there is certainly nothing wrong with taking a conservative approach to investing—we are, in fact, very conservative in many ways when it comes to managing our clients' money—being overly conservative can inhibit your portfolio's ability to keep pace with inflation while meeting your income needs. Finding the right risk balance is an important factor for successful investing.



WOMEN FACE AN EARNINGS GAP⁹

- Women's median weekly income for full-time work is only 82% of men's.
- 70% of women may face a savings shortfall if they plan to retire at 67.
- Another challenge women face is that they might have lower earnings and fewer savings than men.
- Census data show that despite the important strides women have made in the workplace, women's median weekly pay is still only 82% of what's earned by a male peer.
- Another way to put this is that for every dollar men earned, women earned about \$0.82. That difference can add up to lifetime losses of hundreds of thousands of dollars.
- The wage gap means that those planning to retire at age 67 face a

savings, since as many as 70% are women.

WOMEN AND DIVORCE¹⁰

- Divorce can be a wrenching emotional experience for all involved. However, women face an added challenge: the average woman's income decreases significantly after a divorce. This is true whether she has children or not.
- After a divorce, many women change from dual-income households to single-income households. Among other things, this means having sole responsibility for your retirement income. It's a troubling fact: after a divorce where children are involved, on average, men experience a 10% increase in standard of living, while women see theirs decline.

With every challenge in financial planning, we understand that women have unique needs and goals.

Let us help you along the way. We are happy to answer questions about your current financial situation and future.

For additional resources, visit our website at mymfgcapital.com and be on the lookout for upcoming communications from our team.

Sincerely,

MFG Capital, Inc. Team

We're always here for you.

Give our office a call today

(734) 720-1391 DIRECT

(734) 556-4054 MAIN

or visit our website: www.mymfgcapital.com



SOURCES:

¹<https://www.ssa.gov/planners/lifeexpectancy.html>

²<https://acl.gov/sites/default/files/Aging%20and%20Disability%20in%20America/2017OrderAmericansProfile.pdf>

³<https://www.nytimes.com/2019/04/11/business/widows-financial-planning-retirement.html>

⁴https://www.fidelity.com/bin-public/060_www_fidelity_com/documents/about-fidelity/WomenandInvestingStudy_FactSheet.pdf

⁵<https://www.kiplinger.com/article/retirement/T037-C032-S014-retirement-planning-is-different-for-women.html>

⁶<https://www.morningstar.com/articles/879494/75-must-know-statistics-about-longterm-care-2018-ed.html>

⁷<https://www.forbes.com/sites/michaelcannivet/2018/12/29/why-women-are-better-at-investing>

⁸<https://www.nbcnews.com/better/business/why-women-invest-40-percent-less-men-how-we-can-ncna912956>

⁹<https://www.fool.com/retirement/2019/03/26/women-face-a-serious-retirement-savings-shortfall.aspx>

¹⁰<https://www.ellevest.com/magazine/personal-finance/making-sense-of-your-money-after-divorce>