

## Women and Wealth: Progressing to Prosperity

"We women don't care too much about getting our pictures on money as long as we can get our hands on it."

- Ivy Baker Priest, Treasurer of the United States from 1953 to 1961



Women are making larger strides than ever, financially speaking. What challenges do women still face when it comes to money? What must they do to overcome these challenges? And where are the signs of hope and progress when it comes to women and wealth?

In this article, we'll examine the obstacles that many women encounter on the path to prosperity, and how some women are shattering glass ceilings and creating wealth.

### Women and Money: The Challenges

**The Earning Gap.** The median earnings for all women are \$638 a week, compared to \$798 for men—approximately 80 percent of what men earn on average, according to The Bureau of Labor Statistics. There are many reasons for the pay gap, including the type of work that women tend to be drawn to, women's reluctance to negotiate, and the discrimination that still exists in some workplaces.

Fortunately, this gap is narrowing. The Pew Research Center observes younger women are consistently beginning jobs with more equitable pay than women vs. men as a whole. In 1980, younger women entered the workforce earning 67% of what men earned. By 2012, younger women earned 93% of their male counterparts. It's not all progress, though. As a [Pew Research video](#) on the shrinking pay gap notes, while starting pay is more equal than it's ever been, it can increase as women age.

**Household Habits.** Women tend to manage the household finances, but men usually direct the investments. As a result, women tend to be better at budgeting, but they have lower financial confidence than men when it comes to financial strategies and portfolios. According to Morgan Stanley, women are 44% less likely to consider themselves knowledgeable about financial matters than men, although women often prove to be the better investors!



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**Child Raising.** It costs money to raise children in more ways than one. According to Women's Institute for a Secure Retirement and National Center for Women's Retirement Research, the average woman spends 15% of her working years outside of the workforce caring for children and elderly parents, compared to the average man's 1.6%. Inevitably, while a woman takes time off, her male former co-workers continue to gain seniority, experience, and promotions.

**Single Parenthood.** Women are also 4 times more likely to be single parents, either following a divorce or as the result of a child born outside of marriage, according to U.S. Census Bureau figures. As a single parent, a woman is tasked with balancing work and parenthood, sometimes without financial support from the children's father.

**Longevity.** Women live longer than men, which means that they must either keep earning or save more to support themselves in their golden years. According to a report on mortality in the USA from the Centers for Disease Control and Prevention's National Center for Health Statistics, life expectancy for females is 81.2 years; for males, it's 76.4 years, a difference of 4.8 years.

**Widowhood.** The average age of widowhood is only 59.4 years, according to a recent study published in the Journal of Financial Service Professionals. 80% of married men will die while married, and their wives are often unprepared for such an event. The study confirmed that 70% of widows will fire their advisor, who likely did a poor job of preparing them for the financial realities they find themselves facing.

While poverty rates in the U.S. between men and women are not significantly different (13% for men vs. 16% for women), elderly women living alone are much more vulnerable. A Social Security Administration report showed that "the rate of poverty among elderly widows is consistently three to four times higher than elderly married women."

While financial statistics about women and money can sound daunting, they are only part of the story. When it comes to women and wealth, there is much good news to celebrate!

## **Women and Wealth: A Success Story in the Making**

There is a tremendous shift in financial power and equity happening between the sexes, and much evidence that more women are moving towards a self-sufficient, prosperous reality. The wealth landscape in America is changing, and women are changing it!



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According to a 2014 article in [Forbes.com](http://Forbes.com),

- The number of wealthy women in the U.S. is growing twice as fast as the number of wealthy men.
- Women represent more than 40% of all Americans with gross investable assets above \$600,000.
- 45% of American millionaires are women.
- 48% of estates worth more than \$5 million are controlled by women, compared with 35% controlled by men.

And lest we think that women are simply *inheritors* of wealth, it is worth noting that 60% of high-net-worth women have earned their own fortunes, according to *Forbes*.

**The Entrepreneurial Explosion.** Eager to control their own schedules and destiny, new data shows women are starting new businesses at a much faster pace than men. The number of women-owned businesses in the U.S. rose by 68 percent between 1997 and 2014, according to an American Express analysis of Census Bureau figures. Women are starting businesses twice as fast as men, with minority women starting businesses at the fastest pace.

**Women in the Boardroom Help Companies Succeed.** Venture-backed companies that include females as senior executives are more likely to succeed than companies with only men in charge, concluded, [Women at the Wheel: Do Female Executives Drive Start-Up Success?](#) a report by Dow Jones VentureSource.

Organizations that are the most inclusive of women in top management achieve 35% higher return on equity (ROE) and 34% better total return to shareholders versus companies without this diversity.

Women-led private technology companies are more capital-efficient, achieving 35% higher return on investment, and, when venture-backed, bringing in 12% higher revenue than male-owned tech companies, according to [Women in Technology: Evolving, Ready to Save the World](#), research conducted by the Kauffman Foundation.

**The Power of the Purse is Undeniable.** Women control up to 80% of household purchasing decisions, a fact which advertisers are now paying attention to. And women will soon have even larger purses to manager.



According to a 2009 study from the Boston College's Center on Wealth and Philanthropy, women will inherit 70% of the money that gets passed down over the next two generations, and that excludes the increasing amounts they earn on their own.

**The Power of the Portfolio.** In the U.S. alone, women control \$11.2 trillion, or 39%, of the country's investable assets, according to Morgan Stanley. And they pay attention to where their money goes. Women prefer to invest in companies they perceive are making a positive difference as well as generating returns. They also prefer to invest in companies owned or run by other women, ensuring that trends continue.

**Feminine Philanthropy.** As reported by Forbes.com on Feb 1, 2016 in "The Gender Gap in Charitable Giving," the Women's Philanthropy Institute at Indiana University found that women consistently out-give men when it comes to supporting causes. In one study, baby-boomer and older women gave 89% more to charity than men their age.

## Five Keys to Being a Woman of Wealth

These five steps can help ensure that more women rise above challenges and move into roles as movers, shakers, and money-makers.

### 1. Save More

There's no getting around it. Women must save more than men, on average, to ensure a similar financial result. We recommend saving as much as 20% of your income, if possible. But wherever you are with your habits, simply start saving "more." If you are not saving now, can you start putting away 5%? If you are saving 5%, can you bump it up to 10%?

### 2. Work Longer

Women live longer, but they do not tend to work longer. On average, women retire slightly younger than men! We need to revise expectations about retirement and remain productive as long as possible. When full time work becomes no longer possible or desirable, consider part-time work or an enjoyable freelance occupation.



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### **3. Invest Wisely.**

It is imperative to not play guessing games with your investments, but to put your money in vehicles guaranteed to grow it. Consider and compare actual returns versus "average returns". When you want your money it is only actual returns that will matter. Make sure you measure the net results, and take into account taxes and fees. And if you are past the "accumulation" phase, you'll want to put your money where it can generate cash flow and passive income for when you're not actively working.

### **4. Prioritize Your Health**

Even with Medicare, healthcare and medical costs can swallow enormous sums of money. Take care to exercise regularly, eat healthy wholesome food, drink lots of water, and maintain a positive outlook. Focus on what you can do and practice gratitude!

### **5. Get Life Insurance**

Many people think that life insurance is only for young couples with children at home, and they purchase term insurance that expires before they will need it, just like a warranty designed to expire before it is used! Permanent life insurance should be a priority for every married couple, and it can often be purchased up to age 85. It is a valuable asset to own and save into throughout one's life as it will provide safety, liquidity and value throughout one's lifetime.

Even if you are not married, most people need a financial vehicle to store cash where it can grow over time. There are plan designs that are not correlated to the market and provide a safe account to grow and save after tax dollars that will accumulate on a tax deferred basis. As long as the account stays in force, the policy also provides tax free withdrawals at any time. Purchasing a life insurance policy for yourself with a long-term care rider may be an excellent strategy to help you grow cash over time while obtaining protection against unknowns. If you have children, it is also an excellent way to leave a legacy that is much more tax-efficient than an inherited retirement fund.

