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# Ten Years Later: How Gen X Women Gained Resilience From The Financial Crisis



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*I write about achieving wealth and how it intersects with our lives.*

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Gen X women were not scarred by the financial crisis when it comes to risk tolerance.



Pew Research found that the median Gen X net worth declined 38% from 2007 to 2010.



Election (1999)

Directed by Alexander Payne

Shown: Reese Witherspoon (as Tracy Enid Flick) PARAMOUNT PICTURES/PHOTOFEST

Inside most Gen X women, there is a little bit of Tracy Flick from the movie *Election*. Focused and ambitious, Flick was willing to work hard to get where she wanted to go. She wasn't going to let anything get in her way.

She's an interesting character to consider as we are reminded of the ten-year anniversary of the financial crisis. Like Tracy, Gen X women have turned out to be quite resilient in their ambition to move ahead financially.

In fact, as financial behavior has been dissected over the past decade, it appears Gen X women were not scarred by the financial crisis when it comes to risk tolerance. 🐦 The investing app Stash found that nearly 70% of Gen X women self-identify as having a medium or high tolerance for risk, compared to only 62% of Millennial women.

“They may have lived through economic turmoil, and faced hurdles in industries historically dominated by men, but their behavior shows a strong sense of confidence when it comes to money,” says Alexandra Phelan, Data Scientist at Stash.

This confidence isn't really surprising in light of the Gen X female experience. These women grew up as latch key kids of working moms in the 70s, 80s and 90s. Their formative years made them more independent yet skeptical. They were typically expected to attend college and have careers, and keeping up with their peers was incredibly important. Clearly that extends to the investment world.

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“Interestingly, our data reveals that, across the board, men and women tend to invest quite similarly,” explained Phelan. “The difference is that men perceive themselves as having a higher tolerance for risk than women do. It's exciting to see our data debunk certain stereotypes that still persist around women and money. It's definitely not just a man's world anymore.”

The ability to be this bold has actually helped Gen X women rebound from the financial crisis on much stronger footing.

### **How Did Gen X Women Become So Resilient?**

When the crisis began in 2007, Gen X women ranged in age from 27 to 42 - the prime earning and child bearing years. Pew Research found that the median Gen X net worth declined 38% from 2007 to 2010.  In comparison, the decline for Boomers was 26% and for Millennials 14%.

Part of the net worth drop was due to the fact that the assets of Gen X were primarily in their homes and their 401k plans. The turbulence pushed a segment of Gen Xers to either walk away from their homes and lose them to foreclosure, or liquidate their 401ks. The rest waited out the volatility thus creating resiliency as their houses and investments bounced back and continued to grow.

“Financial resilience is the ability to withstand both positive and negative life events that impact one's income and/or assets,” says Barbara O’Neill, PhD, Financial Resource Management Specialist with Rutgers Cooperative Extension. “Life experience itself can be a powerful resiliency resource because it teaches problem-solving and decision-making skills.”

That appears to be the case here, as Gen X women are a product of the times they grew up in.

“Gen X women experienced several notable market crashes - 2008, 2000, 1990 and 1987,” says Michele Lee Fine, RICP, President of Cornerstone Wealth Advisory. “This path may lead Gen X women to position their portfolios more aggressively since they have been a part of, and experienced, market rebounds and the long-term financial rewards that taking on risk has provided.”

Bridget Venus Grimes, President, Wealth Choice and author of the book *Corner Office Choices: An Executive Woman’s Guide to Financial Freedom* agrees that Gen X women appear to be more resilient. “In fact, my Gen X women who suffered have rebounded fabulously.” She says. “They work very hard, have

not only rebuilt financially, but have exceeded where they were. I see them as greater risk takers than my Baby Boomer clients.”

### **Being Undermined by Inability to Save**

If Gen X women have been resilient in the decade following the financial crisis, then why are they not further ahead. The annual survey of the [Transamerica Center for Retirement Studies](#) found that while Gen X as a whole participates in retirement plans, they are weak savers with an estimated median savings of \$72,000.

Those who work with Gen X women on their finances see this weakness firsthand. While they understand the need to save in order to achieve their financial goals, it doesn't always happen.

“For the [Gen X women] who have recovered from losses in the downturn, it's especially hard because they want to enjoy the fruits of their labor. There is a lot of conversation around what is important to them in terms of goals, and what choices they need to make to fund those goals,” says Grimes. “She wants the gratification for working hard, but then her spending habits get her no closer to her goals.”

The good news for Gen X women is that they are still in their peak earning years. Just subtle increases in savings from building out a cash reserve to increasing auto contributions to their 401k plans, can make a real difference over the next decades. Increased savings enables greater resiliency.

### **Using Resiliency Going Forward**

Perhaps all Gen X women have a little Tracy Flick in them – independent, focused and unafraid to cut her own path.

“It's almost as though they are not afraid to fail. The ones who were impacted the worst financially seem to take the most risk now and have done very well financially,” says Grimes.

Gen X women have the skills to succeed financially. Exercising this skill set and continuing to grow as savers will enable them to be financially strong and ambitious.

*Ever since my first tax class in law school, I have been fascinated by wealth and the journey one takes to achieve it. Driven by this passion, I have spent almost 20 years advising wealthy families how to navigate their financial lives in my roles at Goldman Sachs, BNY Mello... MORE*

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