

Women and Money

Erica Stuart: Retail Investment Marketing at STANLIB

Why are there so many books on women and money? What is so different about women and finances that has spawned a whole subsection of personal finance?

The role of women as mothers and caregivers in society fundamentally changes their relationship to money.

Working mothers accept lower earnings

Although wage discrepancies between men and women have been declining steadily, the wage gap between mothers and men is still huge.

- Women's careers tend to take second place when the kids come along. Working mothers pay the price for being perceived as no longer committed to their careers.
- A survey by workspace solutions provider Regus showed that only 31% of companies in South Africa planned on hiring working mothers. Employers were particularly concerned about the flexibility of working mothers and the risk of them taking time off to have another child.
- Even when working mothers are offered employment, they may be more interested in whether the company has a crèche and what the maternity leave policy is than in the financial opportunities the company offers. Women tend to be grateful to companies that have a more flexible approach to working time and they are prepared to sacrifice income for that flexibility.

Working mothers have less opportunity to save

Retirement statistics show that women are significantly worse off in retirement than men.

Women actually need more money in retirement than men because they live longer. Yet not only do women earn less, they also save less. This results in women being far more financially vulnerable than men in retirement.

- Mothers will often reduce their work commitments or exit the workforce for a period of time, which means they contribute less to their retirement funding.
- Mothers are more likely to draw from their retirement savings to fund spending time at home with their children.

The Cinderella Complex

Women need to take their finances far more seriously than men and save more.

In fact, women should be in control of household finances and investments because it affects them most.

Yet many women still depend on their partners to provide for their retirement and financial security. This stems from an unconscious need to be taken care of, described by American psychologist Colette Dowling as the Cinderella Complex.

As liberated as many women believe they are, some still hold the belief that a man on a white horse will come and save them. Sadly, this is as far from reality as one can get. As many women have discovered, men are not actually better at managing money than women. Many divorced women, for example, are left with much less than half of the assets yet carry the primary responsibility of childcare while rebuilding a career.

Yet research conducted by the CFA Institute in the US found that, on average, investment clubs run by women were more successful than those run by men. This was attributed to the fact that women take more time to make decisions, they ask for help and they keep their investments for longer.

Stop being Cinderella and buy your own shoes!

Learn to negotiate smartly and don't give in too easily

Men are confident in their skills and know what they contribute to the organisation they work for.

Women are too quick to apologise and back down when having difficult discussions about money and their worth. Remember, the more experience and skills you have, the more empowered you will be. Just because you need more flexibility does not mean you cannot get the job done.

If motherhood is a reality for you, plan for it

In your 20s, make sure you make maximum provision for your retirement so that that when you take time off to raise a family, you can afford to contribute less without affecting your retirement.

When you decide to start a family, discuss the financial implications with your partner and make sure that financial obligations are distributed fairly.

If you take time off work, make sure you have risk cover in place. If you become disabled or seriously ill, your family will need help.

If you do take extended time out the workforce, invest in your skills so that you do not fall behind.

Have a separate bank account from your partner for your salary even if you share a household account. If your partner is the primary account holder the joint account will be frozen along with your salary in the event of his death.

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