

Women....An Important Message

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As a woman and a wealth management advisor, I continue to remain concerned about the lack of participation most women have in family financial matters. Too often I see a scenario where one spouse seems to be in charge of family financial affairs, but the other spouse is only involved on the surface. In many of these situations, the husband is in charge of financial responsibilities, irrespective of his wife's education and capabilities. All too often, couples divide their household responsibilities, with men handling financial affairs, and women generally preferring child rearing, cooking, and career management. Men usually end up taking on the financial management role by choice or because of the lack of interest from his female counterpart. Some women do try to manage their check books and credit card bills; however, there are myriad more family and household financial details that women need to be aware of.

The time is now for men and women alike to wake up and realize what statistics have demonstrated time and time again: that more often than not, women will be the lone survivors of their relationships. When ill-equipped to handle challenging financial questions, learning your family's financial history and general financial principles, can be a painfully difficult and daunting process, especially when one is alone for the first time.

But it doesn't have to be.

The following statistics should be eye openers.

- 1) 90% of all women will be solely responsible for their finances at some point in their lives.
- 2) 64% of women are concerned about outliving their money.
- 3) 60% of women would rather have a lower return on their money than lose their capital.
- 4) 90% of women say they feel somewhat financially insecure.
- 5) 40% of women feel that they do not know enough to be financially savvy.

It is certainly not expected that women become money management wizards or learn to prepare the family tax returns. Nor are they expected to take over the husband's role when doing so could create stress in the family. However, it is critical for every woman to go through an exercise to determine her financial security if she were to be alone due to death of her spouse or divorce. While this exercise is important for women of all ages, it has the most significance for women approaching retirement, as the chances of being alone increase with age. Here is a list of important questions every woman should be able to answer:

1) How much income will I need and what will be the source of my income? Will I have enough to live on?

Most people do not work on their cash flow statements and are not sure of what a surviving spouse's expenses will be and where the income will come from. Begin with an inventory of all assets and liabilities as well as list all current income sources and expenses. Determine what the surviving family expenses will be. Then determine the family's sources of income, such as employment until retirement, social security, survivor pension, life insurance and investment income, from both retirement plans as well as after tax accounts. Determine if the income will be adequate to maintain a standard of living you are accustomed to and work on solutions for any deficit through proper financial planning.

2) How will I invest large sums from life insurance and retirement plans as well as other investments?

It is helpful to understand the basics of investments and align them with the objectives of income, capital preservation and long term growth. It is very likely that the assets could be managed by professionals, but staying involved and understanding the decisions is essential. Meetings with financial professionals, if any, should therefore be attended by both husband and wife.

3) Will I have adequate health insurance and protection for long term care needs?

Medical expense and health insurance premiums are usually an expensive item on every budget. Long term care needs are a reality and can be either self insured or addressed through insurance products. A husband's long term care expenses often deplete the family assets, thereby leaving the community spouse unprotected. Is there adequate life insurance for the husband to replace assets lost as a result of the husband's illness?

4) What financial and legal documents do I need to have?

Proper details of all bank accounts and investments should be looked at periodically in order to be familiar with them. Legal documents such as Living Trusts, wills and powers of attorney for health and finances should be current and coordinated with family finances. A proper listing of all user names and passwords for various websites should be kept in a safe and secure place.

5) I am concerned about my children's financial future. What can I do for them?

Although the children of immigrant parents have strived for higher education and are successful in general, the changing economic condition of the USA may not allow them to fare as well financially as their parents. The next generation will retire in a pension-less world and social security cannot be relied upon either. Women have not played any role in financial education for their children and educational institutions do not take this responsibility either. Simple strategies such as living within their means, staying away from debts for non essential things, contribution in retirement plans need to be emphasized until they become a habit. When they see the magic of compound interest on their savings

over the years, they will be thankful. It will also be a good idea to encourage them to work with financial advisors early in life to be steered in the right direction.

Knowledge is power and provides confidence. I feel that every woman should feel empowered about money matters. Staying involved and participating in ongoing financial education is no longer an option; it is essential for our survival.

Minoti Rajput CFP is a nationally acclaimed wealth management advisor and has been in practice for over thirty years. She has been honored as one of the nation's Top 250 Financial Advisors by Worth Magazine on several occasions. Minoti was also featured in the June 2010 issue of HOUR Detroit and DBusiness publication as a Five Star Wealth Manager. She is the founder and president of Secure Planning Strategies in Southfield, MI. As a pioneering woman in the Financial Planning industry, Minoti is passionate about working with women and conducts educational workshops on Women and Finance on a regular basis. She can be reached at mrajput@spsfinancial.com.