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Financial Literacy Has A Gender Gap

A gender gap in financial literacy is holding many women back when it comes to taking the lead in their own financial planning.

As women become bigger contributors to household income, they have the opportunity to take a more prominent role in making family financial choices, but research suggests many are not yet stepping up to the plate.

A recent survey conducted by UBS found that only 23% of women, globally, take charge of long-term financial planning decisions. And it is not a generational problem: 56% of women aged 20-34 defer to their spouse compared with 54% of women over 51 years of age. Baby boomer and Generation X women revealed higher levels of financial literacy than millennial women.

While many married women are inclined to leave investing to their husbands, single women fall short, too. A financial literacy gap exists between single men and single women.

Women have good reasons to up their game. As women gain more undergraduate and advanced degrees than men, they are carrying more student debt. Parents tend to cut off financial support to daughters much more quickly, too. Among those aged 30 and over, 62% of men still receive financial help from parents versus only 49% of women.

Later in life, the consequences become more dire. UBS's study found that 74% of widows and divorcees discovered negative financial surprises when they finally took control of their finances. A 2013 study based upon Census Bureau figures estimates that 17% of all women aged 65 and over are living in poverty compared with approximately 12% of all older men.

Twice as many women as men in the United States do not have any money in the stock market according to Merrill Lynch; and 41% of young women, versus 28% of men, say their biggest fear is not market volatility, but not knowing what they are doing.

While nearly 91% of women say they trust their instincts when it comes to having children, only 56% trust them when it comes to investing.

Some women have started to take the figurative bull by the horns. Women now account for 46% of students enrolled for master's degrees in business, compared with 25% in 1980.

According to another study, women are much less likely to consult financial advisors to compensate for their lack of knowledge. Like glass ceilings in the workplace, the financial literacy gap will take a conscious effort to overcome. *Wall Street Journal* 9/3/19 p. B10.

The F-Word And What It Means To Your Retirement

Even more shocking than an article about the F-Word is finding out what so called financial advisors can legally do if they are not a “Fiduciary”. A fiduciary is obligated to put their customer’s interests first. Lisch Investment Management has been a fiduciary since day one. We are structured so that we do better only when you do better.

We are writing this because the Securities and Exchange Commission recently watered down the meaning of investment advisors’ fiduciary duty to clients. As part of the Regulation Best Interest rules package, the SEC revised its interpretation of a Registered Investment Advisor’s fiduciary duty. Previously, advisors had to seek to avoid conflicts of interest And make a full disclosure of all material conflicts of interest. The SEC changed the “And” to an “Or”.

In our view and in the view of Rick Fleming, the SEC’s Investor Advocate, that alteration weakens the existing fiduciary standard by suggesting that liability for nearly all conflicts can be avoided through disclosure. We do not believe that this is what an investor would reasonably expect from a fiduciary, nor does it align with the ways that real-world investment advisors tend to view (and describe) their fiduciary obligation.

By virtue of this vote, the SEC concluded that investment advisors are not true fiduciaries. The inescapable problem with disclosure is that it does not protect investors from advisors bent on harming them. As a practical fact, when consumers read glossy sales literature they do not read the disclosure documents that are dozens or hundreds of pages long. *Financial Planning* 8/2019 p. 20 *SEC Guts RIA Industry With a 2-Letter Word*.

As always, if you have any questions about these or any other matters, do not hesitate to call us.

Remember, We’re Here For You!