

## A WOMAN'S FINANCIAL REALITY

*Your financial future is up to you ... and no one else.*

Presented by Ellen Dorle, CFP

**Will this be your future?** Did you know that Social Security income represents two-thirds of income for women 65 and older? Did you know that without Social Security, an estimated 58% of widows aged 65 and older would live in poverty?<sup>1</sup>

These findings are from a 2010 U.S. Congress Joint Economic Committee report. As Rep. Carolyn Maloney (D-NY) put it, "Social Security is literally a lifeline for most elderly women."

That lifeline is barely adequate. With inflation and other economic pressures, a mature woman relying on SSI may eventually have to choose between food or medicine, or rent or car repair, or contend with other stressful money dilemmas.

When these women were younger, did they envision such a meager future ahead of them? Probably not. More than a few probably wish they had understood money matters better or actively invested for retirement.

**How much do you know about personal finance?** The more knowledge you have, the more action you can take to define and pursue your financial goals and build retirement savings. You can also respond to a few financial realities common to women's lives.

**The average woman spends 12 years out of the working world.** So finds WISER, the non-profit formally called Women's Institute for a Secure Retirement. Typically some of this absence is for parenting, some of it for caregiving. This means the average woman has 12 fewer years to pour steady money into that 401(k), 403(b) or IRA.<sup>2</sup>

**Women live longer.** According to the latest estimates from the Centers for Disease Control and Prevention, female life expectancy is at roughly 80.5 years versus about 75.5 years for males. The reality unnoticed in these numbers is that many women will live on their own for a decade or more after being divorced or widowed.<sup>3</sup>

**Women face an earnings gap.** On the whole, women do not earn as much as men. In 2009, the Government Accountability Office noted that women earn \$0.78 for every \$1 that men earn. Some people question this statistic, arguing that it reflects gender inequality in career paths rather than distinct salary discrimination. Regardless, the gap exists - and it is even more pronounced for women of color.<sup>4</sup>

**At work, many women are worth more than the salaries they receive.** Some women are reluctant to negotiate a better salary for themselves. Will it upset the equilibrium at the office? Will it be seen as too aggressive? The answers here are probably "no" and "no". It takes confidence (and it may take a little research) to affirm your professional worth in front of your boss - and it should be done.

**A rich spouse does not equal a retirement plan.** It is nice to have a spouse whose wealth allows you freedom from financial worries. Yet even if you are blessed with a rich and attractive mate, there is no telling where that mate (and that money) might end up someday but for fate.

**How do you plan to arrange a comfortable future for yourself?** If you don't want to end up dependent on Social Security, then see that you have the financial education that will let you make major money decisions with confidence. Study fundamentals of investing and read up on the basics of retirement and estate planning. Follow up by meeting with a financial consultant who can help you put a strategy into action.

**Ellen Dorle, CFP** Dorle Financial, LLC 7957 Olentangy River Road Columbus, OH 43235

edorle@ellendorle.com www.ellendorle.com 614-880-0064 Fax: 614-880-0067

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#### Citations.

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