

# Women in the Planning Crosshairs: the Retirement Gender Gap

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By Eve Kaplan, CFP®

Ask any financial planner what the biggest financial problems Americans face and the answer is: lack of retirement preparedness. Americans still typically retire at age 65 but we are becoming more long-lived. Retirement, for some, can last 30+ years.

But that's just the tip of the iceberg when it comes to women, where the problem is especially acute. Why?

Here are some reasons:

1. Less than half of wage-earning women in the US participate in retirement plans.
2. Women live longer than men.
3. Women, on average, work in jobs that earn less than men – causing an earnings gender gap.
4. Women (more often than men) interrupt their careers to care for children, aging parents and grandchildren.

As a result, women typically have about 1/3 less money set aside for retirement than men...yet the risk of outliving assets is greater for women than men. A whopping 2/3 of women (MassMutual 2009 study) know this is a problem since they say their current state of retirement preparedness is inadequate. Couples should care about these trends because they may not always be couples. Women outlive men and tend to marry older men. Any visit to a nursing home will confirm that most residents are women.

The good news is that studies show women absorb financial advice better than men because they are more receptive to the idea that they may not have all the answers on their own. When I meet women (whether as part of a couple, or as single clients) they tend to confide to me that they have sleepless nights because they worry about having enough to cover their retirement. That's not surprising...women often worry more about financial issues because they often are burdened with more concerns about the well-being of families.

Here's where good planning – and the use of a trusted financial professional – come in. We financial planners have various tools in our kits to help create “water-tight” financial plans to address the retirement funding gap. Often it's especially helpful for some women to work with women financial planners since women better understand the difficulty of trying to take care of themselves and also caring for their families.

A holistic view of financial planning is especially appropriate in this context. What does holistic financial planning involve? It has the same rigor of any good financial plan (objective analysis, alternative scenarios, a step-by-step plan of action) but a holistic approach also addresses a client's emotional concerns to make sure the tailored plan resonates with the client.

In my practice, I give clients “space” to discuss issues that matter to them since feelings always have a bearing on a financial plan. Studies show – again and again – that clients who are emotionally invested in a financial plan always have a higher success rate in terms of implementing their plan and realizing their goals.

After all – there's little point in going through the effort of a financial plan if it doesn't mesh well with client priorities and ends up as an empty exercise.

Only approximately 25% of financial planners are women so there is a significant mismatch between the rising percentage of women seeking financial help, and the number of financial planners who personally understood the sometimes more intuitive approach women clients take.

Consider if you know a financial planner you can trust with all aspects of your financial and emotional life. Consider the benefits of a holistic approach to financial planning. Consider working with someone who has a transparent fee structure (charging by the hour or a percentage of assets managed) instead of someone who sells products on commission.

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