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Womens' Special Financial Planning Needs That Advisors Overlook

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Womens' special financial planning needs that advisors may overlook in two ways: 1) advisors don't always acknowledge the different planning needs women have and 2) advisors don't always communicate well with female clients – especially if the client comes to a meeting with her husband. It's very common for a male advisor to spend much or most of the face time in meetings talking to the husband and ignoring the wife. For these two reasons, women may be given the short end of the stick when it comes to financial planning and investment management.

I. How Women's Financial Situation Differs From Men:

1. Women typically earn less over their career lifetime because they tend to take more unpaid leave – than men – to raise children or care for family members (e.g. an aging

parent).

2. Women typically earn less than men overall since they hold more jobs in lower paying areas of the economy (e.g. retail and food service) and are less well represented in management positions.

3. Women tend to earn less than men even if the job description and requirements are the same.

4. Women live longer than men so they are more exposed to "longevity risk" (the risk of outliving one's assets).

5. As a result of living longer and taking more unpaid leave, women often have less saved in 401k/403b/457 defined contribution accounts. These same women also will have lower pension benefits because they've worked fewer years.

6. Women often marry older men and they often retire the same year as their spouses. As a result, their Social Security benefit (based upon the highest 35 years of paid salary) often is lower.

A competent advisor will acknowledge these important differences between men and women; he or she will craft financial planning solutions that address the value of unpaid work and reduce the risk of women outliving their assets. For example, a stay-at-home mother has real economic value to her family and she should be insured at least until all her children are 21. Why? Apart from the emotional loss, a stay-at-home mother's premature death means the family must pay someone to stay with children when they come home from school, and to drive them to after-school events.

A more common example is planning for the reality of women outliving men a number of years. If you've visited a nursing home recently you can't help but notice that most of the residents are women. A good advisor will address long-term care needs especially for women – both single and married.

II. Advisors Are Guilty Of Talking to Women Differently From Men:

How can – and how should – advisors help women plan for their special needs? Communicating with both male and female clients in a balanced fashion is key, but it doesn't always happen that way. Approximately 3/4 of financial advisors in the US are men, while the typical client is at least 50% women. When talking to mixed gender couples, male advisors can end up talking down to women and communicating more with the husband than the wife – even when both husband and wife are fully present in an office. This reinforces a breakdown in communication – women may feel excluded or ignored, so they may show less interest in discussions with the advisor. I'm making very broad generalizations about male advisors and the fact that husbands handle more of the financial decision-making than wives, but I do see this recurring pattern often.

A competent and helpful financial advisor (male or female) will do the following:

1. Include both husband and wife in discussions, even if one party naturally shoulders more of the financial decision-making in a relationship.
2. Convey information so both men and women feel included and informed, even if one person likes to go to a deeper level of detail.
3. Give the same level of time and attention to women clients as male clients.

If you don't feel like your advisor is listening to you because you're a woman, get a new advisor! Fee-only advisors can be found on The National Association of Personal Financial Advisors www.napfa.org

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