

# Addressing Women's Wealth Management Needs

Investors typically have the same financial priorities, regardless of gender – they want to provide for their families, save for their children's education and maintain their lifestyle in retirement. However, while their goals may be the same, women have financial concerns that most men do not – concerns that need to be accounted for when drafting a comprehensive financial plan.

## Women Have Made Financial Gains...

Women are providers, entrepreneurs, philanthropists, community leaders and investors.

- Women are graduating from college at a higher rate than men. In 2014, women ages 25 to 34 were 20 percent more likely than men to be college graduates.<sup>1</sup>
- The gap between men's and women's pay is shrinking. Although the average salary for women remains 82% that of men, in metropolitan areas, single childless women in their 20s outearn their male counterparts by 8% on average.<sup>2-4</sup>
- More than 9 million businesses in the United States in 2014 were owned by women, generating \$1.4 trillion of revenue and employing more than 7.8 million people.<sup>5</sup>
- Women control roughly two-thirds of annual spending in the United States – about \$12 trillion.<sup>6</sup>

## ...But Have Unique Financial Considerations to Account For

Despite these gains, there are a variety of factors working against women's financial health.

- Women outlive men by five years on average, and need to plan for five additional years of housing, living and medical expenses.<sup>7</sup> Women who are single in their final years will likely have a higher tax rate than their married counterparts.
- Despite the greater income parity mentioned above, women receive nearly one-third less in compensation over their lifetimes, on average. This compensation gap widens for women who have left the workforce to care for children or aging parents, or who work in positions that do not qualify for retirement plans.<sup>8</sup>

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## Addressing Women's Wealth Management Needs *continued*

- Women are more likely to require assisted living or other long term care services – services not typically paid for by Medicare. Roughly two-thirds of all long term care claim benefits paid in 2011 were for women's care.<sup>9</sup>
- These challenges are often exacerbated by the financial impact of a divorce. Nearly one-third of marriages in households with income exceeding \$50,000 ended in separation or divorce, and 38% of married women with a post-high school education eventually separated or divorced.<sup>10</sup>

These factors can have a real impact on whether or not you reach your financial goals. On average, women enter retirement with fewer financial resources to draw on, yet they have longer life expectancies and a greater need for retirement income. It's critical that financial strategies for women consider these additional hurdles.

### Addressing Women's Wealth Management Needs

Your Baird Financial Advisor understands the extra financial pressures women often face and can help you create a plan that addresses your specific concerns.

- The sooner you determine your expected income and expenses in retirement, the more time you have to make adjustments to your financial plan, such as when you can retire and how much risk you can accept in your portfolio. You can also look at other strategies and products specifically addressing retirement expenses, like long term care insurance.
- Greater longevity has left many women deciding how their wealth should be distributed after they're gone.

An estate plan can pass your wealth on toward the people and causes you care about.

- Saving for a college education – be it for yourself or a loved one – often gets pushed aside by other, more immediate needs or savings goals (like retirement). A financial plan can formalize a concrete education savings plan and explore other financing options like financial aid.
- Because women commonly absorb the tasks – and associated costs – of caring for children, parents and elderly friends and relatives, they may have additional need for financial flexibility. A well-thought-out plan can help you address any short-term liquidity needs.

The additional financial concerns women encounter can make financial security harder to attain, but not necessarily out of reach. Your Baird Financial Advisor can help you identify your financial priorities and develop a plan that is right for you.

### A True Wealth Management Partner

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<sup>1</sup>CEA analysis of Current Population Survey, Annual Social and Economic Supplement.

<sup>2</sup>U.S. Department of Labor, December 2014. BLS Report 1051: Highlights of Women's Earnings in 2013. <http://www.bls.gov/opub/reports/cps/highlights-of-womens-earnings-in-2013.pdf>.

<sup>3</sup>Pew Research, 2013. On Pay Gap, Millennial Women Near Parity – For Now. <http://www.pewsocialtrends.org/2013/12/11/on-pay-gap-millennial-women-near-parity-for-now>.

<sup>4</sup>Forbes, 2014. Childless Women in Their Twenties Out-Earn Men. So? <http://www.forbes.com/sites/realspin/2014/02/24/childless-women-in-their-twenties-out-earn-men-so/>.

<sup>5</sup>American Express, 2014. Women Launching 1,200 New Businesses a Day, New Research Shows. The 2014 State of Women-Owned Businesses Report. <https://www.americanexpress.com/us/small-business/openforum/articles/women-launching-1200-new-businesses-a-day-new-research-shows/>.

<sup>6</sup>Women Moving Millions, 2009. Facts: Shopping & Purchasing Power. <http://www.womenmovingmillions.org/how-we-do-it/facts/>.

<sup>7</sup>U.S. Department of Health and Human Services, Administration on Aging. Who Needs Care? <http://longtermcare.gov/the-basics/who-needs-care/>.

<sup>8</sup>U.S. Department of Labor. Women and Retirement Savings. <http://www.dol.gov/ebsa/publications/women.html>.

<sup>9</sup>American Association for Long Term Care Insurance. Long-Term Care – Important Information for Women. <http://www.aaltci.org/long-term-care-insurance/learning-center/for-women.php>.

<sup>10</sup>Bramlett WD and Mosher MD, 2002. Cohabitation, Marriage, Divorce, and Remarriage in the United States. National Center for Health Statistics.