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**Women and Financial Literacy**

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New research has confirmed something that I’ve long suspected – there is a gender gap when it comes to knowledge and engagement with retirement savings and investments.

A recent review of research concludes that “women consistently score lower than men on financial literacy measures, and this gender-based gap may negatively impact women’s long-term financial well-being,” says Gary Mottola of the Financial Industry Regulatory Authority (FINRA) Investor Education Foundation.

This is not entirely surprising. For many generations, the role of men and women was well-defined and separate. Women (or more aptly, wives) were typically caretakers – tending to children, the family, the home. Men (or husbands), on the other hand, were responsible for earning a living and managing the household’s money, including planning for the financial future. Women played little if any role in making sophisticated decisions about saving and investing.

Fast forward to today. Women are not only in the workforce (making it increasingly rare for households to truly be single-income anymore), but we are in greater professional and leadership roles. Meanwhile, half of marriages today end in divorce.

What’s more, women live longer lives than their male counterparts, by about five years, according to a National Vital Statistics Reports 2015 report. As a result, female Baby Boomers are expected *to* inherit a total $15 trillion over the next 20 years from their parents and spouses, according to Nielsen. Add that to women’s earned income and you’re talking about serious wealth that needs to be managed.

While our social and cultural landscape has changed greatly, we as women are sometimes stuck in the past when it comes to financial literacy. In my opinion and based on the data I’ve seen, this is a mistake.

We would do well to educate ourselves. And, there’s no time like the present. Women can and should devote time to “buying in” to their financial futures by educating themselves on retirement planning. Whether you’re single, married, divorced or widowed, taking an active role in your financial life builds skill, peace of mind and economic stability.

Engaging with your financial future may seem daunting. But, as with many things in life, retirement planning is easily mastered with enough time and effort. Here are five steps to get you started on this rewarding journey:

**1. Create a budget**. Start as simply as you like. You can create your budget on a spreadsheet or with pencil and paper. Just list all the money coming into your household and all of the expenses going out each month. Think about the big-ticket items, like housing, car payments and insurance and healthcare. Then add in utilities, food and any credit card payments you have. The point is to get a handle on your cash flow.

**2. Invest in retirement.** Your first step here is to check with your employer to find out if you can enroll in your company's 401(k) plan if you’re not already contributing. If that’s not an option for you, or if you want to add another retirement savings vehicle, learn about other tax-deferred retirement accounts like IRAs.

**3. Prioritize your money.** It’s important to understand your expenses, particularly the difference between your discretionary expenses and those expenses you must pay. Now that you have a budget and are putting aside money for retirement, you can look at what you spend on a monthly basis as guidance here.

Maybe you can trim expenses. Say you’re paying a monthly fee for a gym you never go to, it’s time to cancel the membership. The fee can be used for something else or to pay off a bill. Get creative with stretching your hard-earned money. Those handyman things around the house you don’t know how to do? Make a point to learn them. It can save you lots of money down the road if you can do them yourself and save the expense of hiring someone.

And be sure you put money aside as your “fun” money, whether it’s to buy new clothes, eat a nice dinner out or take a trip. Save aggressively, but don’t deprive yourself of everything.

**4. Plan for life’s unknowns.** Make sure you have and understand all of the various types of insurance, like health insurance, car insurance and life insurance. Make sure to take care of your body and mind. Keeping physically and emotionally healthy is so important for all of us. Staying healthy might help curtail major health expenses down the road.

Establish an emergency fund as part of your budgeting and saving. The rule of thumb says to set aside enough to cover six months’ worth of expenses, should something catastrophic happen.

**5. Invest in your financial education.** You can seek information from a financial advisor or talk to a trusted friend about tips for saving for retirement, the ins-and-outs of investing, or any other questions you may have. One good practice is to familiarize yourself with the mortgage process. Even if you have never had to get a mortgage by yourself, try to learn as much as you can. You don’t know if and when you might ever want to buy a house on your own.

Take these steps and you will have made a solid beginning on the road to financial literacy. And that’s a good place to be. Managing finances, retirement savings and investments are valuable skills in which everyone, men and women, should be knowledgeable.

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