

Women: It's Time to Take Charge of Family Finances

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Advisors: Get Women Involved in Family Finances

A recent UBS Global Wealth Management study reported that only 23% of women globally are involved in their household's long-term financial planning decisions. Despite the fact that 85% of women are involved in day-to-day finances, a majority of women defer to their spouses on major financial decisions, because they are not encouraged to, or because their spouse "knows more" about the topic. Being uninvolved in family finances puts women at risk financially if their husbands die before them—but who wants to have uncomfortable conversations about mortality?

Surveys show that people fear public speaking more than death. Jerry Seinfeld summed it up succinctly, "To the average person, if you go to a funeral, you're better off in the casket than doing the eulogy."

Pretty grim. In my experience, people struggle just as much speaking about their own death, no matter where. Nevertheless, my work as a financial advisor often forced that difficult conversation.

Advisors, if they do their job correctly, must convince the living to get over their fears of discussing death. Every good financial plan should include this talk.

How? The simple answer is: stop avoiding it. Creating conversations around this morbid topic is never easy—but it's extremely necessary. Advisors should talk about finance planning for women who may end up with the responsibility on their shoulders.

Women: You Will Inherit Today's Baby Boomer Wealth

Today, advisors get to experience the greatest wealth transfer in history. It's an event that disproportionately impacts the women of the baby boomer generation. These "boomer women" spent the better part of the last 30 to 50 years creating better lives for themselves and their families. Yet, they traditionally did not involve themselves (and their husbands often failed to invite them to partake) in the family's financial decision-making.

Statistically, boomer men die before their boomer wives. Unfortunately, at that point, it is usually too late to make critical decisions due to time constraints and crushing grief consuming the family following a tragedy.

These families should confront the fear of death by speaking about it—and advisors should encourage them to do so—when everyone is healthy, relaxed and clear-minded. Engaging in these difficult conversations about death, estate planning and family finances now alleviates many emotional and financial burdens later.

Why Middle Women Must Join the Conversation

Many 'middle-women'—those who inherit their family's assets after the husband dies but before the children get it—have not been involved with their families finances until tragic circumstances arise. This scenario, marred in stress and anxiety, does not bode well for the client-advisor relationship.

An advisor can help avoid this situation by promoting education and about financial planning for women. They must encourage married clients of a certain age to engage both husband and wife in their financial management.

How to Take Charge and "Join the Conversation"

For many boomer women, the subject of family finances is not an easy one to tackle. Men may feel it is their responsibility or duty to handle this stereotypically masculine topic without burdening their spouses.

On the reverse, some women may not have any interest in the family's financial management, even if their husband wants to create that partnership. Joining the discussion may also bring up the topic of mortality—unpleasant even in the best of times for most families.

If you are a boomer woman, take charge and insist on being part of the conversation. There are many hurdles to anticipate and jump over when broaching this sensitive topic.

The important thing to remember is that tough conversations now reduce stress and anxiety in the future. These discussions ensure that everyone involved is on the same page with financial decision making.

If you are an advisor with clients in this situation, encourage them to be open with spouses, help facilitate communication and aid middle-women in joining the financial conversation earlier. Promote and support financial planning for women in the family early and often—perhaps even have a family meeting day during which clients bring their spouses and children to meet their family financial advisor in a non-threatening, accessible environment.

Ask the Right Questions

Once the middle-woman joins the conversation, the real work can begin. Keep in mind that many of these women were never involved with the family finances. It is vital to bring them up to speed while also educating them properly about their assets and options.

A simple test can help gauge a woman's understanding. The woman should (or the advisor should ask clients to) write down:

Assets the family owns

Locations of those assets

Debts

Monthly expenditures

Use this as a starting point for new financial education.

With this foundation in place, the boomer woman and the advisor develop an existing bond. Together, they should feel comfortable making sound financial decisions when she does become the true “middle-woman” in charge of managing the family finances.

Partners in Your Family Finances

The end goal of this entire process is to make the middle-woman a partner in finance before she must do it alone. Boomer women who engage in thoughtful conversation with their spouses—or even integrate the entire family into the financial decision making—become better financial partners.

As a financial partner, the middle-woman feels empowered. She may ably foster a partnership with her financial advisor when the time comes. Building this relationship benefits both the advisor and clients. It facilitates a decision-making process approachable to women missing previous exposure to financial management.

This is integral to minimizing the stress and anxiety surrounding first-time financial stewardship for boomer women.

[Editor's Note: To learn more about this and related topics, you may want to attend the following webinars: The Legal & Tax Aspect of Investing: Asset Protection; Estate Planning, and Tax Efficiency and Estate Planning & Asset Protection-101. This is an updated version of an article originally published on May 5, 2017.]

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