Women must learn more, do more with finances

June Cleaver, Do you know where Ward keeps the financial records?

In the days of Leave it to Beaver, June Cleaver never worried about financial planning. That was Ward's job. For that matter, Brady Bunch mom Carol Brady probably never looked at the family's financial records, either. And do you think independent-thinking female characters such as Rebecca Howe, in Cheers, or Elaine Benes, from Seinfeld, had their personal finances in order? Probably not. According to the National Center for Women & Retirement, 80 to 90 percent of today's women will be solely responsible for their own finances at some point in their lives, most likely because of divorce or the death of a spouse. Unfortunately, many women are still ill-equipped to live on their own incomes. Fact: According to Sen. John Ashcroft (R-MO), more than two-thirds of today's women over 65 have no pension other than Social Security, and women are twice as likely as older men to live near or below the federal poverty threshold because they lack pensions and retirement savings. Not surprisingly, in today's world of dual incomes, second marriages and split accounts, many women feel overwhelmed with financial planning information and decisions. According to a recent survey by IHateFinancialPlanning.com, a new Web site geared to the millions of Americans who dread or hate financial planning, more than 56 percent of women are afraid to learn about the state that their personal finances are in, find the numbers overly complicated or don't feel confident in making good financial decisions. Fortunately, says Karen McGarvey, owner of Financial Advisory Network, Inc., a financial services firm, women are more empowered today than ever to take care of their personal finances. "While many women may not like financial planning, the media has made women aware of the importance of financial planning," McGarvey says. "In turn, more women are starting to see that it's a good idea to take care of their personal finances, regardless of their marital status." "The biggest mistake women can make is to choose to remain ignorant," McGarvey adds. "Because if women ignore their personal finances, there's simply too great a chance that they will face a crash course in financial planning due to divorce or death." While basics of financial planning remain the same no matter who you are — spend less, save and invest more, work from a plan — there are a number of financial planning issues unique to women. Here are tips from McGarvey and Randy Schuldt, a vice president with IHateFinancialPlanning.com, for women of all ages to consider:

Think about Life without Him. For better or worse, women need to think about life without their mate. Statistics show women live an average of seven years longer than men, and more than 50 percent of women become divorced. At some point, a woman will be forced to manage her personal finances on her own. Are you prepared to do that today? Find Your Documents Now. One of the greatest dangers that the average woman faces when it comes to financial planning is not knowing where all of the financial records are. This predicament can turn into a full-blown crisis if a woman's husband or partner should suddenly seek a separation or divorce, or if her mate dies unexpectedly. Some women have learned to their shock that they have no idea where their mate invested their money or that they're deeply in debt and have to go back to work.

Make Sure You're Covered. Women with dependents should carefully review their life and disability insurance needs, especially if they're the primary bread winner in the household. For just pennies a day, low-cost term life insurance can, at the very least, protect a family from the devastating loss of a wage earner.

Max Out Your 401(k). It's important for women to review their 401(k) retirement plans at work and make sure they're maxing out the amount they contribute to their retirement account, particularly if they're married. The power of investing with pre-tax dollars is doubled when both spouses are working and should be maximized while both partners are in good health and able to work. Talk to Your Employer. Many women work for small, privately owned businesses that may not offer retirement benefits like larger employers. Talk to your employer about adding a retirement plan such as a 401(k) plan or SEP. If your employer shows any reluctance, start your own retirement plan with a traditional or Roth IRA and begin monthly contributions (up to the allowable annual limits). Start a retirement plan. If you're among the 8 million women small business owners, consider starting a retirement plan. Business owners can gain big tax benefits by starting a retirement plan, such as a 401(k) or SEP, as well as score big points with employees. For those who are self-employed, consider starting a Keogh plan. Check with a financial professional, banker or an accountant to find out what's the best thing to do for your small business. Keep learning. Whether a woman is working full time or has chosen to stay at home with the kids, the fact is, in today's high-tech economy, it's vital to continue enhancing one's work skills. If you've been out of the workforce for any length of time, don't expect to simply dust off an old resume or diploma and go right back to work where you left off. To increase your income or to attain the job you really want, seek additional training and education.

Consider Separate Investments. Sometimes, there is no better teacher than experience itself. That's why women may want to separate portfolio of investments separate from their mate's to learn about investing firsthand. Surviving Divorce. Sometimes marriages don't work out. And one or both partners are ready to split, the result may be divorce. Divorce can mean heartache and disappointment. Maybe relief. Regardless, divorce can have a lasting impact on your finances, so that's why it's important, especially for women, to clearly understand the implications of dividing assets, dividing debts, child support and alimony, insurance, and other issues.

Make a Will. Don't have a will? Well get one, now. Many married women make the mistake of not creating a will, thinking naively that their mates will die before them, and therefore, they don't need a will. Unfortunately, the unexpected can occur, and many children learn that their parent's estates can be tied up in probate court for months or years as the court sorts out a person's estate. A will leaves no doubt about what should be done in the event of death.

Maintain Your Credit. When women change their last name for marriage or divorce, their credit history can get lost along with the name change. Whether a woman is taking on a new name or taking back her previous last name, the most important thing she can do is to notify creditors and credit reporting agencies about the change to prevent her good credit rating from being marred by her partner's poor credit history. On the other hand, if a woman does not have a good credit history, it may be to her advantage when taking on a spouse's last name to avoid making a strong effort to notify creditors about the change.

Plan on a Long Life. The average woman lives seven years longer than a man. But what happens if a woman lives 20 or 30 years more than her husband? Not surprisingly, many older women live on the threshold of poverty because they didn't plan on living so long. "Women need to make their life expectancy an issue when discussing financial planning with their mate," says McGarvey. "They also need to factor in the possibility of long-term care for themselves, as well. The key is to start saving early and to be more aggressive in your investments. Savings accounts, CDs and bonds aren't going to provide the growth women need to build the financial security they'll need to live into their 80s and 90s."

Take an Active Role. While modern marriages thrive on a division of responsibilities, McGarvey says financial planning should not be one of them. Taking responsibility for paying the bills and actively saving and investing the paycheck may rest with one person, but regularly reviewing and discussing financial decisions should always be done jointly with a spouse. Couples, but especially single women with children, should seek the outside advice of a financial planner, to review financial planning decisions.

Personal Finance 2001

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