

# Financial Management for Women

## *It's More Than Just Controlling the Purse Strings*

BY EMILY C. SANDERS, CPA,  
PRESIDENT AND CEO OF SANDERS FINANCIAL MANAGEMENT



Emily Sanders

There's a powerful scene in the movie "Places in the Heart" set in rural Texas during the depression. A suddenly widowed wife and mother, played by Sally Field, walks nervously into the town's only bank. With trembling hands, she places her husband's checkbook on the desk of the bank president and tells him, "I need you to show me how to write a check."

Today's women might not be as financially naïve as the movie's heroine, but the situation poignantly illustrates the need for all women, no matter their marital or employment situations, to make informed decisions about their finances, retirement planning and investments.

Statistics tell us the average age for a woman to be widowed in the United States is 56, and that nearly 40 percent of marriages end in divorce. In the first year following a divorce, a woman's standard of living will drop 45 percent. To add to these sobering facts, in general, women live longer than men. We will have an average of up to 20 years to solely manage our finances. Conversely, we have fewer years to accumulate wealth, working about 12 years less during our lifetimes than men. That means we can look forward to less social security and retirement dollars spread out over a longer period of time.

On the positive side of the equation, women have made such substantial strides in the workplace that the October 26, 2009 issue of *Time Magazine* predicted that by the end of 2009, for the first time in history, the majority of U.S. workers will be women. In addition, according to the Bureau of Labor Statistics, the growth prospects are in traditionally female occupations like nursing, retail and customer service. In a survey conducted by the Rockefeller Foundation, in collaboration with *Time*, 70 percent of the respondents say

women are less financially dependent on their spouses than their mothers were.

Women are controlling more wealth than ever before, yet how many are now or will become truly financially independent? How many of us will be saddled in our retirement years with the costs of caring for elderly parents, children's college expenses, mortgages, credit card debt, healthcare expenses and taxes? On the other hand, how many of us will have in place insurance, retirement accounts and cash reserves? Here are some steps to help women meet their financial goals both now and long-term.

**Manage Cash Flow**—First, pay attention to household expenses. How much money comes in each month? How much is spent? Where can you cut expenses, if necessary? Next, maintain separate accounts to establish and maintain a separate financial identity from your spouse.

**Job Skills**—Keep your skills fresh through employment or volunteer work in case you need to change jobs or go back to work.

**Save for Retirement**—No matter how old you are, start saving now for your retirement. The earlier you get started, the better. If someone invests \$5,000 per year beginning at age 25, assuming a six percent annual return, by age 65 she will have accumulated \$820,000. If she begins saving the same annual amount at age 35, the final number shrinks to \$419,000. Someone starting to invest at age 45 will have under \$200,000 at retirement.

**Eliminate Debt**—Debt is the single most powerful enemy of successful wealth building. Pay off your credit cards. Refinance or pay off your mortgage. Build your savings.

**Manage Your Risk**—Be sure you have adequate life and disability insurance. You should also have umbrella liability and long-term care insurance. Make sure your will is up to date and you have designated power of attorney. Be sure you have named a beneficiary for your retirement account and named a guardian for your children.

**Investments**—Invest in home ownership, stocks, bonds, mutual funds, college savings plans and retirement plans. The

key word in today's economy is "diversify"! Keep a cash reserve for emergencies.

When the recession ends, women will be poised to emerge from the downturn with even greater relative economic power as the wage gap narrows. With nearly 40 percent of women acting as the primary breadwinner for their families, it is imperative we also have a voice in how that money is spent and wisely invested. It doesn't have to be overwhelming. Find a trusted advisor to help you formulate a plan and be part of the process. Your future and your family's future may depend on it.

*Emily Sanders, CPA, is President and CEO of Norcross-based Sanders Financial Management ([www.sandersfinancial.com](http://www.sandersfinancial.com)). She is a locally and nationally recognized investment advisory who is quoted often in the Atlanta Journal-Constitution, CNBC, Bloomberg News and CNN Radio.*

Here are a few books I recommend:

**One Up on Wall Street**  
by Peter Lynch

**Millionaire Women Next Door**  
by Thomas J. Stanley

**Pay it Down**  
by Jean Chatzky

**Devil Take the Hindmost**  
by Edward Chancellor

**The Warren Buffet Way**  
by Robert G. Hangstrom, Jr.

**A Colossal Failure of Common Sense:  
The Inside Story of the Collapse of Lehman Brothers**  
by Lawrence G. McDonald