

Women & Money

Taking Control

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The role of women in society has undergone a massive shift over the past few decades as more and more women seek to pursue fulfilling careers outside the home. For some this has been an escape from the daily grind of housework, for others an opportunity to expand and test their abilities and skill sets and for another group again, born out of the necessity to provide adequate household income to sustain a required lifestyle. Whatever the reason, it is still the case that in many situations, women face additional financial hurdles and in some areas are at significant financial disadvantage to their male counterparts.

TFS Financial Planner Fiona Mountford examines why women are disadvantaged financially and what they can do to address the problem. The financial hurdles and disadvantages faced by the modern woman are not of themselves modern dilemmas; In fact many of them are the product of our social and economic history. Whilst much progress has been made in terms of equality for women since the 1960's, some problems have in fact been further amplified by changes in our social fabric over the last few decades. The Australian Financial Literacy foundation released a report in 2008 'women understanding money' which found that whilst women generally have the skills necessary to save and to manage their cash flow, they lack the confidence to address issues around investing, planning for the future and retirement, issues that ultimately provide for a more sustainable and secure future.

Whilst there is light at the end of the tunnel and financial emancipation has begun to emerge in recent times, the modern day remnants of this 'social engineering' remain solidly entrenched in society today.

A study conducted in 2005 by the Australian bureau of statistics found that the average female wage was 92% of that of a male in a comparable role.

Women also have broken work patterns due to leaving the workforce for extended periods to start a family and quite often when they do return, it is on a part time or reduced basis.

These two factors alone put women at a distinct disadvantage when it comes to providing for sustainable income and by proxy a comfortable lifestyle in retirement.

In 2007 the Australian Institute of Superannuation Trustees released a report that estimated that a 30 year old female with a salary of \$50,000 who took a 6 year career break could miss out on as much as \$77,000 in retirement savings by age 65. This does not take into account any further years where a woman may elect to work part time to cater for the needs of a young family. It is estimated that women make up approximately 70% of employees in lower paid and casual occupations.

These facts are amplified by the fact that society is increasingly becoming one where a single life is becoming more common. When you consider that in the modern world many more women are single either through choice, loss of a partner or because of a relationship breakdown, the need for women to take a greater role in planning, understanding and protecting their longer term financial position should be a primary objective for every woman.

Addressing the Problem

As a result of the Financial Literacy foundation report, 'women understanding money' in 2008, ASIC published a top 10 money tips for women on its consumer website, www.fido.gov.au

TOP 10 MONEY TIPS FOR WOMEN

1. Start a savings plan: it's easier than you think
2. Train your credit card: keep debt under control
3. Learn about your super fund
4. Don't wait for prince charming
5. Invest in your super fund
6. Consider other types of investing
7. Plan ahead for life events that may affect your income and super savings
8. Talk about money in your relationships
9. Teach kids the value of money
10. Plan ahead for your retirement

Whatever the situation, all women need to make time to address their own individual financial circumstances and at the very least gain an understanding of where they are now and whether they are on track to achieve their lifetime goals and objectives.