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Financial Pressures Today's Breadwinner Women Face

Women breadwinners have unique financial needs as they contribute more income to support their families and their future.

Women are increasingly earning more money and significantly contributing to their household income. In fact, in the United States, mothers are breadwinners in 40 percent of families with children under 18 each year – and about 70 percent will be the primary earner at some point in their first 18 years of motherhood.

While many women in these roles do not view themselves as "trailblazers", the fact is that most breadwinner women are living a life that differs significantly from their own mother. Because they are contributing more income to support their lifestyle, and the security of their family and future retirement, their concerns are much different too.

The rise of breadwinning women

Women as breadwinners is a relatively new phenomenon that came about as a result of several societal shifts. First, women are now more educated than ever before, and they are putting that education to work by making up nearly 50% of our nation's workforce. In fact, women now earn more degrees than men. According to the National Center for Education Statistics, for the class

2018-2019, women earned more than half of bachelor's degrees (58%), master's degrees (64%) and doctorate degrees (56%).

Second, since many more women pursue advanced education, they are delaying other life events such as marriage and having a family. While women now have more choice about whether to work, that choice adds complexity to their financial decisions, especially when compared to families living out traditional roles. For example, if a woman defers childbearing into her 30s, she faces the difficult challenge of paying for college for her children while at the same time maximizing her retirement savings.

Third, many more women are, quite unexpectedly, entering their 60s solo. That often means they will work out of necessity and will need to manage their finances differently than their friends or family members who transition to retirement with a spouse. Whether as the result of divorce, early widowhood, or the choice to never marry, being single and in your 60s dramatically changes the financial planning strategies and actions to address retirement income needs and potential long-term care costs.

Breadwinner women still face constraints of traditional roles and biases

Women who find themselves in the breadwinner role often have mixed emotions about the financial responsibility of supporting themselves as single women, or as providers for their family. And while many say they want help in building their wealth, societal norms and time constraints get in the way.

Statistics show that working women continue to perform the majority of housework and childcare duties. So, it's not surprising that female breadwinners prioritize their financial matters immediately at hand, (i.e. paying tuition or filing taxes) but often don't have time for longer-range financial planning.

Less time may also mean limited financial conversations with their partners or financial advisors. Even when they are engaged in the financial planning process, female breadwinners find much of the mainstream investment and planning advice still assumes traditional gender roles of a working male and stay at home or lower-earning female.

These challenges can get in the way of women being financially prepared, especially as most will outlive their spouses or need to support themselves should they enter retirement as a single woman.

Breadwinner women's financial issues are different

According to the Center for Disease Control and Prevention ('CDC'), in 2021 the average male life expectancy was 73 while women's was 79 years. What is less well known however, is 53% of women and 47% of men will need long term care in their lifetimes.

...you may need to retire later

These statistics have several implications with one being that many women will choose or need to work into their late 60s and 70s. Older Americans are choosing to work later in life for better

or cheaper healthcare options even after they reach Medicare age. Working longer also delays the need to drawdown on savings to pay for living expenses, but it has even more important implications. By increasing the number of years to put money away in a retirement plan, women will have more resources available when they eventually retire.

...yet, you may not be able to work longer

One planning concern is the over reliance on a woman's ability to work later in life. With this as a major assumption, a women's retirement plans can be easily derailed if there's an unexpected illness or if she is needed for caregiving.

For married breadwinners, there's the challenge of coordinating retirement dates. If a female breadwinner is married and has a spouse who is already retired, then for lifestyle reasons she may choose or feel pressure to retire early. That decision should be made only after carefully considering their savings and whether it is sufficient to maintain the lifestyle they desire in retirement.

...your investments will have to generate more income

Living longer also means it's even more important for a woman to consider the risk of being too conservative in the asset allocation of her portfolio. If you retire at age 65 or 70, it's possible you could live another 20 years or more, so your assets need to generate enough growth to outpace inflation. Retirees today will hold portfolios that in no way mirror those of retirees in prior generations. Not only was inflation likely lower for our parents' or grandparents' retirement years, many also benefited from pension income that guaranteed a level of cash flow to meet at least basic needs.

...competing priorities complicate your retirement planning

If you are a breadwinner primarily or solely responsible for your children's education, or care for your aging parents, it can be a very difficult decision to prioritize your retirement planning above the needs of those you love. It's important to also consider the risks to you, so you don't compromise your security in retirement. We recommend that you maximize retirement contributions to the extent you have sufficient cash flow, and realize that saving into a tax-deferred account may provide enough of a tax break to make the savings affordable. In the face of competing demands for your time and money, be sure to plan for retirement long before the day arrives.

Breadwinner women are creating financial freedom for themselves and future generations of women. While being a female breadwinner comes with special financial challenges, those can be addressed with ongoing communication and careful financial planning along the way. Times are changing quickly and financial solutions like Her Wealth® provide ways to connect with other breadwinning women and offer resources to become more financially empowered.

As women take control over our work lives, we have more power to take control of our wealth, and to create the life we desire for ourselves and our families.

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Dawn's experience spans more than 25 years providing wealth management, financial planning and corporate finance solutions for clients. As an MBA, CPA, Certified Financial Planner (CFP®), and a Certified Divorce Financial Analyst (CDFA®), she is uniquely qualified to understand the challenges and financial needs of clients from executives to entrepreneurs, as well as single breadwinner parents.

