Women and Money

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Reflecting back to the 1950s, times were simpler for women as well as for men regarding matters of money. Men went to work and were the bread winners. Women's duties were to provide a good home and raise the family's children.

Fast forward to the new millennium and women have unlimited freedom in North America to become virtually anything they'd like. The choices available are limitless, although anything but simple. It's shocking to ponder that women, just a few short decades ago, didn't have the choice to manage the household finances or in some homes have a say in money matters at all. For whatever amount of time you believe humans have walked this earth, it has been at least thousands of years that men have been educated and conditioned to handle money. Women? Well, just a few short decades.

Nearing the close of 2006, the role of "women" is not so easily defined. Some in this gender category will take a proactive approach or even lead their household in matters of finance. Others will choose to take a passive role their entire life or until some critical moment, such as a divorce, forces them to engage in the subject. Either way, head on or delayed, matters of money cannot be ignored long term.

The following is a simple guideline for elements of a woman's life that should be considered at various stages.

Single Women with no children.

The obvious consideration for this group is that one income will need to sustain a woman's short and long-term money goals. Other important considerations are:

- **Critical illness insurance, disability insurance and long-term care insurance.** These policies are paramount to the single woman's lifestyle. With only her income for survival, should a major illness or disability occur, the results could be devastating. The cost of these insurance policies logically increases with age, so one needs to shop around and consider their importance for each individual situation. If sufficient emergency funds exist, these policies might not be essential. Depending on one's age and life goals, long-term care policies might rate high on the importance scale. With no children or spouse to offer support in later years, this policy is important to consider.

- **Emergency savings.** This point should be somewhat self-explanatory. The single income female needs to have at least three months' income in a safe, yet high interest account just for times of need.

- **Life insurance.** This may or may not be of prime importance. Without children or a significant other, the estate is less of a consideration than the above points. This group does need to keep in mind that as one ages, life insurance premiums increase. Also, with age, the risk of developing or being diagnosed with an illness that would render one "uninsurable" should be evaluated, regardless of one's present estate needs.

- **RRSP savings.** Depending on the employer pension plan, RRSPs should be taken advantage of fully when cash flow is available.

Married Women with no children.

- Consider setting up a "financial planning" meeting with your spouse to discuss the importance of critical illness insurance and each other's work benefits, including disability insurance and long-term care insurance.
- Depending on your debts and that of your spouse, life insurance should be considered and discussed.
- The need for an emergency account should factor in both spouses' incomes for at least a three-month period.
- Engage in dialogue about major life shifts that might occur in the future. Will one of you consider changing careers, switching from employee to entrepreneurial status? Will either of you go back to school? Are children planned for in the foreseeable future? Discussing your goals, hopes and dreams as a couple helps avoid surprises in the future that affect your short-term and long-term financial plans.

Married Women with children.

No doubt about it, children are your most costly investment. Although no parent would associate or justify having children based on a dollar amount, this expense needs to be planned for. With Canadians facing record high debt levels and record low savings patterns, affording children requires somewhat of a juggling act. Unless cash flow is not an issue, retiring as planned and enjoying the luxuries of life while paying for the kids extracurricular activities and supporting them through university, will require a creative strategy. The following considerations are in order:

- Will you provide for your children's post-secondary education? If so, a recent study by the Manitoba government reports that a four-year university education will cost $44,000, on average. And by the year 2019, that amount will increase to $74,000. What amount are you willing to save now or contribute to fund this goal? Keep in mind, many parents that have an excess of funds and can easily fully fund their child's education are choosing to limit those resources. This group states that they want their children to appreciate an education as much as they did and are considering whether throwing money at their child is the best course of action. Dialogue with your kids as young as fourteen as to the part they will play in assisting to fund their post-secondary studies.
- Of all insurance discussed in previous categories, life insurance is likely paramount. Debts should be covered by life insurance and indexed for inflation. Seek the council of a good lawyer who will walk you through a will, enduring power of attorney and living will. Do not ignore the other types of insurance, as they are equally important during your living years. However, if cash flow is tight, younger couples in this category will allocate insurance premiums to that of a life insurance policy.
- Do you and your spouse have a pension plan? If so, perhaps more should be saved outside of an RRSP and income splitting considered.

Today's woman has opportunities available to her that generations past could have not imagined. Such freedom requires education and research.

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