

FINANCIAL SECURITY *for* WOMEN

Actionable Tips for
Your Financial Future

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FINANCIAL SECURITY FOR WOMEN

The last 50 years have brought unprecedented advancement for Canadian women. The most recent data suggests that women are the breadwinners in over 30% of Canadian households.^[1] They hold 25% of vice-president positions and 15% of CEO positions.^[2] They lead small businesses and participate in the workforce in greater numbers than ever before.



As a result, women today control an increasing amount of personal wealth. CIBC estimates that women will control one-third of all personal wealth in Canada by 2029.^[3] Even more, roughly nine out of ten women will have control over their own finances at some point in their lives, whether due to personal choice, divorce or death.^[4] And whatever the circumstances, women make the vast majority of household purchasing decisions.

Yet in spite of the changing reality, many women are still uncomfortable making financial decisions in their lives. One in five Canadian women leave the financial decisions to their partners.^[5] And on average, women retire with 30% less cash than their male counterparts.^[6]



BARRIERS TO PARTICIPATION

The fact is, women's lives follow a different trajectory than men's lives. While men tend to enter the workforce and stay there until they are ready to retire, women often take a step back for periods of time. They re-enter the workforce when they – and their families – are ready.



Financial planning must take these special considerations into account, including:

Longer lifetime. The average Canadian woman lives five years longer than her male counterpart^[7] - and she will need enough money to support her over her entire lifetime.

Caregiving responsibilities. Unpaid work is essential to a healthy society, but it is also a real barrier when it comes to a woman supporting herself and her family

Financial literacy. Roughly half of Canadian women don't believe they know enough about investments to choose the right ones for their circumstances^[8] – so they hesitate to make any decisions at all.

The good news is, women do a better job of saving than men across all age brackets.

They understand the importance of planning and preparing for their future. And having the financial security to support their lifestyle - at every stage - is critically important to quality of life.



A SEAT AT THE TABLE

Far too many women leave the financial planning to their partner.^[10] Gender differences are hard to shake, and many women lack the interest, time and motivation to participate in discussions around long-term financial planning.

However, a growing number simply don't have the confidence to make decisions related to financial investments. Recent data suggest that a more equal participation would make both men and women happier.



To join the conversation, keep these tips in mind:

Have money dates. Set up a regular time to talk with your partner about your partner about your finances, including budget, bills, debt, etc. Make sure you share your goals too. Good communication is essential to appropriate planning.

Build your own credit. If you share bank accounts with your partner, make sure your name is on the accounts too. Apply for your own credit card. If the worst happens, it will be hard to build credit with no history.

Read everything. If your partner asks you to co-sign something, don't just sign it. Read all legal documents, and ask questions if you don't understand.

Take a turn with the bills. Knowing how much money is going in and out of your accounts can go a long way toward helping you understand your financial situation. Some couples take turns paying bills, switching off annually or biannually.

Show up. Attend all meetings with your family's financial advisor. Not only is this an opportunity to learn about your financial situation, but it helps you build relationships with them as well.



GUIDE TO FINANCIAL SECURITY

Achieving financial security means having the confidence that you can take care of yourself and your family, whatever happens.



But this doesn't just happen. It requires planning from all angles, including these tasks in particular:

Create an emergency fund. Build up enough savings to cover two or three months of living expenses – just in case. If you experience an unexpected job loss, a child’s illness or a major car accident, this money might be the only thing separating you from financial disaster.

Contribute to a retirement plan. If you’re hoping to retire at some point, it’s critical to begin saving as early as possible. Setting aside even a small amount every month can add up over time.

Write a will. Everyone needs a will – even people who think they don’t own anything. A will not only spells out your wishes for your estate after your death, but it can specify what funeral arrangements you prefer and designate an executor to distribute your estate.

Appoint a power of attorney. The power of attorney gives authority to someone to make decisions on your behalf. The person with power of attorney can direct medical personnel about your wishes and pay your bills if you are unable to. The person you choose – whether a partner, family member or friend – must understand your wishes or have access to your accounts.

Designate beneficiary. If you have already purchased an insurance policy, make sure you designate a beneficiary. This is a way to pass assets along to a loved one with the least financial impact possible. In some cases, it may be a good idea to designate your estate as the beneficiary.

Secure disability insurance. The coverage your employer offers is almost certainly inadequate to cover your living expenses if you become unable to work, so you will likely need a separate policy. Be sure to take into account any dependents, including common-law partners, children and stepchildren.

Consider insurance planning. Similarly, consider critical illness insurance and longterm care insurance in case of the worst. If you get critically ill and can’t go to work, you’ll need additional cash to cover expenses, such as home care costs and renovations, and your emergency fund may not be enough.

AGES AND STAGES

Life is complicated, and it changes over time. A young, single woman just starting out has different concerns from the career woman in her 40s or the widowed retiree. But in all cases, growing and learning about your finances will never hurt you or your situation.



Single. You don't have to wait until you are married to work on your own security. Start planning now, so you'll be ready for anything life throws your way.



Engaged or Common Law Relationship.

This is the time to consider how you want to manage your money as a couple. Discuss separate and joint accounts, use of credit cards, assets and debts. Consider whether a prenuptial agreement is relevant.



Married. If you didn't discuss finances before getting married, start now. Make any major financial decision together, considering your short - and long-term goals. When it comes to insurance or estate planning, revise anything that's not up to date, and be sure you include any children (or stepchildren). In the case of blended families, decisions should be made carefully.



Children. Begin saving for your children's education with an RESP, and teach them to behave responsibly with money. As they grow older, make sure they understand the fundamentals of financial security. If you have the means, it may make sense to open a TFSA or an insurance policy for them to make sure they are protected as they move out into the world as well.



Divorced. Start by educating yourself on what you already have. Gather any relevant paperwork (i.e., bank statements, tax returns, retirement savings balances), and create a budget for your new situation. If you don't already have a credit card in your name, open one. Set aside money in an emergency fund, if possible. Finally, consider updating your insurance coverages (i.e., disability, critical illness) in case you can't care for yourself.



Widowed. If you haven't been in charge of your finances before now, it may be overwhelming. Don't make any major changes right away, and consult with a professional about any rights you have to assets not in your name or for the right way to invest your money.



Financial security is achievable for every woman, at every age and stage. Contact your advisor to learn more about making the most of your assets and securing appropriate insurance policies to protect you from the unexpected. It's never too late to get started.

RESOURCES

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