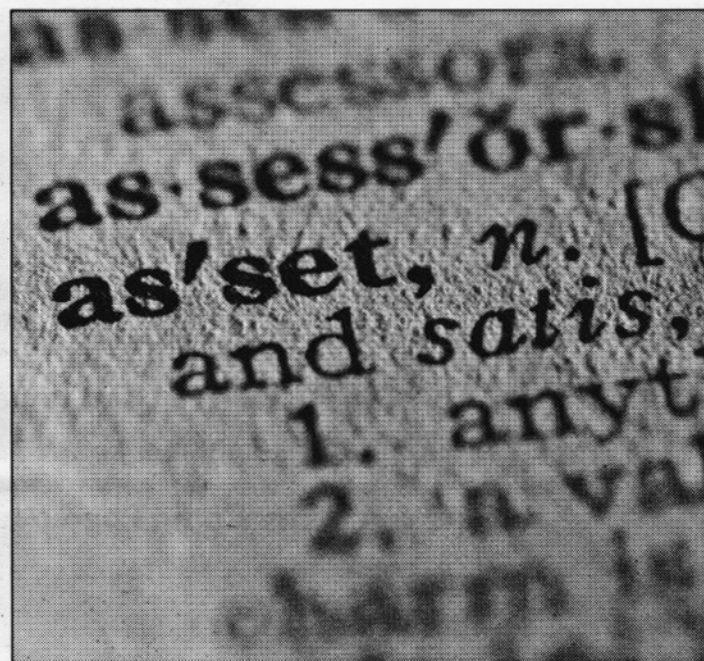


FOCUS: FINANCIAL LITERACY by Georgia Douillet

Take Stock, Take Charge

Experts weigh in on financial literacy

Nearly nine out of 10 women will be solely responsible for their finances at some point in their lives. Yet fewer than two in 10 cited in a recently released Prudential study indicated they were “very prepared” to make wise financial decisions. The recently published report, *Financial Experience and Behaviors Among Women*, follows up on a 10-year-old study looking at the financial literacy of women in households earning \$50,000 or more per year. Ninety-five percent of this solidly middle-class group say they participate in their family’s financial decision making, yet, a mere third reported having a comprehensive financial plan. Among those ages 25-34, only one in 10 did. Why do women shy away from financial literacy, and what might inspire them, short of a crisis, to gain a handle on the situation?



is still different.” That taboo may have softened, but remains in place, she notes, aggravated by the fact that girls and women may define success as having to do with family, or other intangibles. “We need to break through the notion of Prince Charming as a life plan.”

Taking a modest, “feminine” or experience-over-income attitude means women are less likely to realize their full earning potential or demand better compensation for their work.

And in an environment where women still earn 80 cents to a man’s dollar, tend to occupy lower-wage or interrupted careers because of family care obligations, yet often depend on social security for the larger share of their retirement income, taking a back-seat approach, whether from ignorance or different attitudes regarding money, can have a huge cumulative impact.

Gendered Advice

“Doing nothing is having a financial plan, too,” says Lorraine Hart, a financial advisor at Hart Patterson, based in the western Massachusetts towns of Amherst and Northampton. “But we need to know how to budget, to track how money gets spent, and how to make changes to free up more of it.” Hart sees importance in tailoring advice to her female clientele. “If a couple’s relationship is male/female, it tends to be the man that handles the finances. If there’s a financial advisor, [that person] is likely to be male, too, and that relationship geared toward the husband. Women may take the back seat when it comes to products and services, or doing the talking. It’s often not until that woman becomes the sole survivor or gets divorced that she comes to be in charge.”

Hart also recognizes that her female clients may have

different challenges than their male counterparts. “Women are in the work force an average of 12 years fewer than men. They don’t have as many years to take advantage of a retirement plan or social security wages. As investors, they also tend to be more conservative, so it takes more money put aside to get to their goals.” However, she adds, “If you compare the success rate of investments between women and men, women have more success. They don’t make investment changes as often—they take a long-term approach, so they tend to have a better investment experience.” Because of their differing earning power, lifespan financial needs and even their differing priorities, women may need to plan differently than men.

Hart’s firm takes part in Bay Path College’s Financial Pathways Program, a financial literacy education series designed to “enlighten and empower women, at all stages of life, to take responsibility for their financial success.” In addition to providing advice from experts on topics ranging from credit to retirement planning, the series equips participants with tools to get them started—financial worksheets, calculator, books and magazines.

Treasurer Cahill’s office offers a yearly conference dedicated to giving women (and, this year, any other interested citizen) financial literacy tools. Originally created in 1999 for women, the Money Conference was the brainchild of former state treasurer Shannon O’Brien. While it now seeks to serve the broader needs of citizens during the economic downturn, the focus remains on empowering women in the area of personal finance, including break-out sessions on everything from budget-

ing basics to survival strategies for small businesses, and addressing women’s needs at all life stages.

Value and Values

Both Cahill and Hart note that financial difficulties can impact the rest of well-being, leading to stress, poor health and failed relationships. Emotions also play a role in how we use and manage—or mismanage—our money to begin with. Jean Gran helps women understand the emotional underpinnings of that relationship. Gran is a Pioneer Valley-based counselor specializing in Financial Recovery Counseling, a trademarked program developed by a California woman after her own struggles to come to grips with personal finance. Gran doesn’t sell investment packages or tell clients how to invest. Instead, she helps them develop a financial philosophy. “People come away with the ability to control and use money on a daily basis to meet their goals,” explains the former accountant, who admits that despite her professional expertise, she once felt out of control when it came to managing her money.

Gran’s approach is three-tiered. The practical level involves charting income and expenditure to understand the client’s earning and spending patterns, uncovering an already existing, unconscious personal budget. The emotional level considers what drives those habits. Understanding finance from a spiritual standpoint entails identifying what brings true meaning to the client’s life and how that is related—or unrelated—to their earning and spending. Gran describes her role as that of both financial planner and therapist. “Every stream of income tells a story. By starting to change

behaviors, change patterns, you’re learning how to plan.”

Taking Charge

Behaviors around earning, spending and planning are often fear-based, Gran says. “[Clients] are afraid to ask for a raise, because they don’t feel they’re worth more, or are afraid that to earn more means to have less personal time. But when women ask for and expect less, it can add up to hundreds of thousands of dollars over a lifetime.” Gran deals with a lot of women at mid-life, when changes in priorities or life circumstances leave them questioning old patterns and ready to begin new ones. Her goal is to teach them the skills that will allow them to accrue savings they can then take to the next level of management in concert with a financial planner. “I feel like a lot of what I do is about empowerment. Women are [actually] good at money management; and when they take control of finances, they often take control in other areas of their lives. They often need accountability and support to move forward. It’s about what brings true meaning to life, and how they can use their money to support that.” Gran adds, “People who I work with often say, ‘I feel like an adult for the first time with money’—and these are very capable, adult women.” That empowerment is personal, practical, and sweeping. “Know that through the use of money you can have influence in the world,” concludes Norris. “This is your great life project: how to embrace the idea that you and only you are responsible for creating the ways and means for the goals and satisfactions you have.”

