

Please feel free to email any comments or issues that you would like to see addressed in future publications to: [sharris@StokerOstler.com](mailto:sharris@StokerOstler.com)

Inside this issue:

## *Building Wealth IQ for Women*



By *Kim Bridges*,  
Senior Financial Planner  
[kbridges@StokerOstler.com](mailto:kbridges@StokerOstler.com)

*“...women are more than twice as likely as men to live their retirement years in poverty. .”*

*- U.S. Dept. of Health and Human Services' Administration on Aging (AoA)*

*Can I afford to put my kids through college?*

*Am I prepared for retirement?*

*What will happen to me if my husband dies or becomes disabled?*

*What if I need long-term care?*

*Will I become a burden on my children?*

These and other questions are on the minds of women everywhere.

Women seem to have an innate ability to worry, and finances are at the top of their list of worries. In a March 2000 Gallup poll, women were asked the following question: “Thinking about your own life—what is the biggest challenge you personally face in your life today?”

**Women ranked financial issues as their top concern—ahead of family, health, time, stress, job and career<sup>1</sup>.**

### **Why worry?**

It turns out that there are a number of reasons for women to worry about their financial situation. In February of 2000, the National Endowment for Financial Education (NEFE) and AARP co-sponsored a conference to explore critical financial issues facing women in America today. The think tank—composed of individuals representing women’s organizations, the financial planning profession, business, government, and academia—identified several key issues that impact the financial security of women<sup>2</sup>:

- Women are more intimidated about financial issues than men
- Women earn less money than men
- Women are less prepared for retirement
- Women receive smaller retirement benefits
- Women live longer than men
- Women are poorer in retirement than men
- Women are more conservative investors than men

A 1997 study by Dreyfus and the National Center for Women and Retirement Research found that 33% of women avoided making investment decisions out of fear of making a mistake<sup>3</sup>. Why are women worried about making financial mistakes? It may be due to a lack of financial knowledge and experience. Data obtained from couples in the 2000 Health and Retirement Study<sup>4</sup> reveals that **68% of respondents identified the husband as more financially knowledgeable**, while 32% identified the wife. In the same study, 31% of participants reported the husband as the primary financial decision-maker, while 13% reported the wife as the primary decision-maker. Fifty-six percent reported joint decision-making. Other studies show that even among couples who report joint-decision making, many identify the wife as primary decision-maker for regular household expenses, such as

## Building Wealth IQ for Women (Cont.)

### Kim Bridges, Senior Financial Planner

*“Through a combination of education and life experiences I have developed a passion for financial planning and a keen desire to work on financial issues affecting women and seniors. Stoker Ostler is the perfect environment for me to work with those who are in greatest need of a trusted advisor.”*

As a Senior Financial Planner, Kim works closely with clients providing personalized plans with emphasis on estate planning, tax consequences and unique client objectives. In addition, Kim has extensive knowledge in women's issues in financial planning and will utilize her expertise to help develop the Stoker Ostler Wealth Advisors Women and Wealth seminar series. Kim joined Stoker Ostler in 2008.

Kim is a candidate for CFP® certification. She received her bachelor's degree in Human Ecology and her Master of Science in Family Studies and Human Services with an Emphasis in Family Financial Planning from Kansas State University. She is currently working on completing her doctorate in personal financial planning at Texas Tech University. Her dissertation topic explores financial issues affecting women. Kim is a member of the Financial Planning Association (FPA), the Academy of Financial Services (AFS), East Valley Estate Planning Council, and Phi Kappa Phi Honor Society. Kim is a former U.S. Marine, and is married to a retired Marine officer. Her hobbies include hiking, bike riding, reading, and spending time with family.

*(Continued from page 1)*

groceries, and the husband as primary decision-maker for saving and investing.

Saving and investment decisions have a significant impact on retirement preparedness, an area in which women are falling far behind men. Numerous studies confirm that women are less prepared for retirement than men. Factors contributing to the gender disparity in financial readiness result from the fact that women spend fewer years in the labor force than men and earn lower wages. In addition, women generally have a lower tolerance for risk<sup>5</sup>.

Historically, women have worked fewer years during their lifetimes, due largely to care-giving responsibilities for children in the early earning years and aging or ill parents or other family members in later years. Women who do participate in the labor force are more likely than men to work part-time, and to work in jobs with few or no benefits. They are also likely to have lower earnings than men. While the gender wage ratio—the ratio of women's to men's median annual earnings for full-time, full-year workers—has risen considerably in the last few decades, **women's earnings were 76.9% of men's in 2006<sup>6</sup>. Among those in the paid labor force after age 65, women earn just over half of what men earn<sup>7</sup>.**

Women are less likely than men to have retirement funds and when

they do, their benefits are lower than men's. **According to the Employee Benefit Research Institute, in 2006, only 28% of women aged 65 and over received a retirement annuity and/or employment-based pension income, compared to 45% of men. Women received an average of \$11,142 annually, compared to \$17,200 for men<sup>8</sup>.**

Lower wages and workforce participation also contribute to lower Social Security benefits. According to the Social Security Administration, in 2006, the average annual Social Security income received by women 65 years and older was \$10,303, compared to \$13,644 for men. In addition, women rely on Social Security to provide a greater portion of their total income. In 2006, 43.4 percent of all elderly unmarried females receiving Social Security benefits relied on Social Security for 90 percent or more of their income<sup>9</sup>.

**When all sources of income are considered, the median income of women aged 65 and older was \$13,603 in 2006, compared to \$23,500 for men, according to the U.S. Department of Health and Human Services' Administration on Aging (AoA)<sup>10</sup>. According to the agency, women are more than twice as likely as men to live their retirement years in poverty.**

## Building Wealth IQ for Women (Cont.)

(Continued from page 2)

Reduction in Social Security and pension incomes at the death of the husband contribute to lower levels of income for women.

Investment performance also has a significant impact on retirement preparedness. Numerous studies confirm that women have lower tolerance for investment risk than men, and tend to invest their portfolios more conservatively. Overly potential growth of the portfolio and increase exposure to inflation risk. Low rates of growth can impede the ability to acquire an adequate retirement fund, and vulnerability to inflation during retirement can eat away purchasing power. An appropriate investment strategy balances the risks faced by participation in the market with the risks of inflation. While protecting themselves from the first, women may be increasing their exposure to the latter.


Certain life events, such as longevity, widowhood, and ill health contribute to the comparatively poorer retirement picture of women<sup>11</sup>. Women live an average of five years longer than men, requiring that women's retirement resources last a longer period than men's. According to the Social Security Administration, women who reached age 65 in 2006 can expect to live an additional 19.7 years<sup>12</sup>. Women are more likely to be widowed than men. The U.S. Census Bureau reports that, in 2007, 42% of females aged 65 and up were widowed, compared to 13% of men<sup>13</sup>. The average length of time in widowhood is 14 years.

Increased longevity also brings with it health-related problems. According to the AoA, women will spend more years and a larger percentage of their lifetime than men disabled. And women are twice as likely as men to live in a nursing home<sup>14</sup>. Increased health care costs deplete retirement funds. This includes health care costs of the surviving widow as well as those of her husband. According to a study by the Government Accountability Office, **“Out-of-pocket medical costs during the last years of a spouse's life can**

**deplete retirement funds substantially and contribute to poverty among the surviving spouses, who are most often women<sup>15</sup>.”**

### The Power of Information

While not all of these issues directly affect Stoker Ostler clients, most of us know one or more women who are at risk of financial problems in one way or another. At Stoker Ostler, we are concerned about financial issues affecting women. **In an effort to educate our clients—and the women in their lives—this month Stoker Ostler is launching “Women and Wealth,” a financial resource for women.** As part of the Women and Wealth campaign we will be hosting seminars designed to educate women on important issues that have an impact on their financial well-being. In addition to the seminars, we are launching a Women and Wealth website. The website gives details about upcoming seminars and provides a host of resources. Please check out the site, and sign up to attend an upcoming seminar.



STOKER OSTLER WEALTH ADVISORS

*“Women have to wake up and take control of their financial futures. The Women & Wealth seminar can help you do it! There is power in knowledge.”*  
- Lisa Grannis, Phoenix businesswoman and seminar participant

**Please join us to learn more about your financial future...**


Whether you're twenty-something, thirty-to-fifty something, or a woman already in retirement, this **Women & Wealth luncheon seminar** is just for you! You are cordially invited to come and meet with two professional women who want to inform you about important **financial issues affecting women.**

Presenters include April Ward, a partner and senior financial advisor with Stoker Ostler Wealth Advisors and Kim Bridges, PhD candidate in personal financial planning from Texas Tech University and the latest addition to the Stoker Ostler Wealth Advisors team. They have a passion for financial planning and a keen desire to educate women.


Choose the date and location most convenient for you. To RSVP, please contact Syreeta Harris at [sharris@stokerostler.com](mailto:sharris@stokerostler.com) or 480.890.8088.

**Space is limited so please sign up now!**

<p><b>October 9th, 2008</b> <b>11:30am—1pm</b></p> <p>↓</p> <p>Valley Ho Sahara Boardroom 6850 E. Main Street, Scottsdale 85251</p>	<p><b>November 11th, 2008</b> <b>11:30am—1pm</b></p> <p>↓</p> <p>Zest Spirited Dining 4117 N. 16th Street, Phoenix 85016</p>
---	--



April Ward



Kim Bridges

## Building Wealth IQ for Women (Cont.)

(Continued from page 3)

Our inaugural seminar gives an overview of financial issues affecting women at each stage of the life cycle. For twenty-something aged women we emphasize the importance of getting an education and job skills, building good credit, and dealing with finances in a relationship. They are also shown the advantages of a long time horizon when investing. Thirty-something aged women need to understand the importance of keeping their job skills current, controlling their spending, protecting their assets, being wise consumers, and making retirement savings a priority. Women in their later years are warned of unscrupulous salespersons marketing inappropriate products to seniors, the erosive effects of inflation, and the importance of understanding the intricacies of Social Security benefits. And women of all ages learn why “one size fits all” advice may not fit, why it’s important to protect personal and financial information, and why they need to be careful in selecting financial professionals. Additional seminars focusing on specific topics will be created based on participant feedback and the economic landscape.

If you would like additional information about our Women & Wealth Series and how you or a woman you know can build Wealth IQ, please contact me at 480-890-8088 or [kbridges@stokerostler.com](mailto:kbridges@stokerostler.com).



### Arizona

4900 North Scottsdale Road  
Suite 2600  
Scottsdale, Arizona 85251  
Phone: 480-890-8088  
Fax: 480-890-8770

### Utah

170 South Main Street  
Suite 825  
Salt Lake City, UT 84101  
Phone: 801-579-0888  
Fax: 801-579-0859

*Stoker Ostler Wealth Advisors is an independent wealth advisory firm that provides financial planning and investment management services to high net worth individuals and their families. We are dedicated to helping clients achieve their objectives by building strong, lasting relationships based on integrity, performance and quality.*

### Sources

- <sup>1</sup> “The Challenges Women Face in their Daily Lives,” by Frank Newport, Gallup News Service, April 14, 2000.
- <sup>2</sup> “Frozen in the Headlights: The Dynamics of Women and Money,” A Women & Money Program Incubator Sponsored by the National Endowment for Financial Education and AARP, Washington, D.C., February 15-17, 2000.
- <sup>3</sup> Ibid.
- <sup>4</sup> “For Better or Worse: Financial Decision-Making Behavior of Married Couples,” Angela Lyons, Urvi Neelankantan, AnaFava and Erik Scherpf, Networks Financial Institute Working Paper, April 2007.
- <sup>5</sup> “Retirement Security: Women Face Challenges in Ensuring Financial Security in Retirement,” Government Accountability Office, Report to the Ranking Member, Special Committee on Aging, U.S. Senate, October 2007.
- <sup>6</sup> “The Gender Wage Ratio: Women’s and Men’s Earnings,” Institute for Women’s Policy Research Fact Sheet, Updated February 2008.
- <sup>7</sup> Retirement Security
- <sup>8</sup> “Retirement Annuity and Employment-Based Pension Income, Among Individuals Age 50 and Over: 2006,” Employee Benefit Research Institute Notes, January 2008, Vol. 29, No. 1.
- <sup>9</sup> <http://www.ssa.gov/pressoffice/factsheets/women.htm>, retrieved August 12, 2008.
- <sup>10</sup> “A Statistical Profile of Older Americans Aged 65+,” U.S. Department of Health and Human Services Administration on Aging, June 2008.
- <sup>11</sup> Retirement Security
- <sup>12</sup> <http://www.ssa.gov/pressoffice/factsheets/women.htm>, retrieved August 12, 2008.
- <sup>13</sup> “America’s Families and Living Arrangements: 2007,” U.S. Census Bureau, Table 1A, July 2008.
- <sup>14</sup> Frozen in the Headlights
- <sup>15</sup> Retirement Security

THE GREATEST COMPLIMENT YOU CAN PAY IS  
THE REFERRAL OF FRIENDS & FAMILY.

*Thank you for your confidence.*