



How to look ahead with confidence

Expert advice to help women put their money fears to rest and improve financial optimism



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Of all of the money-based fears, the thought of running out of money in old age is one of the greatest concerns for many Canadian women. A recent CIBC study found that 62 per cent of women worry about their finances, and 65 per cent are concerned about running out of money in retirement.¹ This acute sense of financial vulnerability appears to affect women more than men, and is prevalent across all levels of affluence. No matter their wealth, job status or lifestyle, many women can't shake the fear that they won't have enough to live on when they retire.

I recently sat down with Susan Wood, Director of Wealth Strategies at CIBC Financial Planning and Advice, to dig deeper into this fear. My objective was to understand why women feel this way and identify steps that can be taken to eliminate or reduce this anxiety.

Q1: Are women worrying too much about running out of money?

Susan: While the concept of ending up financially destitute might seem farfetched, there are legitimate reasons for women to worry about their long-term financial wellbeing. Women often put other's needs ahead of their own, tend to earn less over a lifetime and may have to spend a least part of their life alone, all of which can create feelings of financial vulnerability.

Women face very unique obstacles that set them back in terms of their savings. For instance, women generally take on the primary caregiver responsibilities in a family. According to CIBC research, 7 in 10 Canadian women make significant financial sacrifices including putting their careers on hold to care for loved ones. In fact, almost 1 in 3 women say they've reduced or stopped saving as a direct consequence of childcare or eldercare responsibilities.² Many women also feel that caregiver demands leave them too busy to address financial strategies, which in turn cause financial anxiety.

There's another reality which can have a potentially negative impact on a women's financial security. Although the gender pay gap is shrinking, in 95% of jobs, women still earn less.³ Less time in the workforce due to caregiver responsibilities combined with a lower level of pay overall means that women generally have less money to put aside towards their retirement. Lower savings leads to financial worry.

It's also important to consider that women, on average, live 5.6 years longer than their male spouse.³ This means that in general, smaller savings must stretch further for women. Exacerbating this, if the male spouse needs extended health care or long-term care first, the couple's retirement funds may be depleted sooner, leaving less for the surviving spouse.

I have also seen situations in which fear about their financial future is driven by lack of knowledge. Not understanding their broader financial picture can create worry and keep them up at night. For all women it's imperative to increase knowledge about personal finances, be fully engaged in their own retirement planning and adopt investing strategies to maximize returns for the long-term.

Q2: What are some mistakes women make in financial planning that amplifies this fear? And what can they do to proactively avoid these mistakes?

Susan: There are four pitfalls that I like to make women aware of early while they still have enough time to modify their approach and impact their financial outlook.

- 1 Not speaking up and getting involved.** In a dynamic where their partner may have a higher income or is the sole breadwinner, women may not feel like 'it's my money,' so they don't weigh in on important long-term money matters and investing decisions. Women should adopt a different mindset—it's the household money, and the money should address everyone's needs in the family.
- 2 Lack of involvement can impact women's knowledge and financial confidence.** Many married women handle bill paying and day-to-day expenses, but managing expenses vs. investing does not have the same impact on a woman's financial security—or that of her children. Sometimes this lack of involvement is the result of a couple's 'divide and conquer' mentality—in itself not a bad thing, as long as you don't completely give up control. Taking an active role doesn't mean you have to become an expert or take the lead—it simply means becoming more involved and being aware. It's about having the confidence to say 'I want to learn and I have questions.'



- 3 Being too conservative when investing.** For women who are not used to investing, bold headlines warning about a market downturn can be scary. A natural inclination may be to adopt an overly conservative approach when selecting investments. But investing too conservatively may introduce new risks such as inflation erosion, where savings grow slower than the rate of inflation, and money actually loses purchasing power. An advisor can help you develop strategies to mitigate risk and provide downside protection by understanding your risk tolerance, objectives and time horizon.
- 4 Not planning for certain events and life changes.** With women living 5.6 years longer than their spouses and high rates of divorce, many women are finding themselves in roles where they must be solely responsible for their long-term financial needs and security. Some women will be ready, but many will be unprepared. With the wisdom of hindsight, women facing these situations often tell me, "I should have taken charge of my finances early on in life and early on in my relationship."

The time to become financially involved is now, not when unforeseen events happen in the future and you're forced into it. Think about some key questions: How much will you need if you're alone for 10, 15, or 20 years? How much will you need to cover health care costs in the future? Do you have the confidence and knowledge to manage your finances if you find yourself suddenly single, either by choice or by circumstance? Plan for things like loss of income due to childcare and eldercare, death of a spouse and job loss. A thoughtfully constructed financial plan can help you adjust to your new reality by identifying your needs, determining your future plans and assessing different financial scenarios. An advisor can help you build and stress test your plan.

Q3: On the flip side, what are some of the positive things women do when planning for their future, which they can continue to lean on when taking charge of their financial wellbeing?

Susan: Women tend to be thoughtful, thorough and look at the big picture when making decisions. They don't get caught up in chasing potentially risky returns in the same way that some men might. Addressing the family's long-term goals takes priority for many women. This brings about discipline, which is extremely important in investing. By thinking about the big picture, women are more inclined to listen to advice and build a comprehensive plan toward long-term goals.

Q4: If you could give women one piece of advice on how to take control of their financial well-being what would you say?

Susan: When it comes to money and investing, one of the best ways to reduce anxiety is to educate yourself. You need to recognize that you're in control of your financial situation and that, with experience and knowledge, you can manage it well. By no means do you have to start picking stocks and learning ticker symbols, but becoming more proactive and knowledgeable about budgeting, savings and investing is all within reach. Learning something new can be as simple as reading one article about investing a week or making a plan to learn more about things like asset allocation, diversification and the different types of investments. Make a list of topics, write down your questions and get your partner and financial advisor involved. Arming yourself with basic investing facts can help build confidence and reduce worry.

Q5: How can women work with their partner to help ease her worries?

Susan: Money can sometimes be a source of conflict in a relationship. At times, it can feel easier to back down and let the other partner deal with it, but it's not a responsibility that can be completely outsourced. Women need to take ownership of their financial well-being.

- **Talk openly about your financial situation.** Worrying about money is stressful. One of the quickest ways to eliminate worry is to understand the full picture. Start these money talks with your partner today—talk about monthly expenses, short and long-term goals, investing values and beliefs, retirement plans, investing approaches and estate planning wishes.
- **Share financial responsibilities.** Managing a family's finances does not have to be an all or nothing affair. You can begin to manage the areas that you're comfortable with, whether it's tracking expenses, paying the bills or investing. Start small but start today.
- **Work with an advisor.** Choose an advisor you can trust and work with over the long-term. A good financial advisor can be many things: a guide, confidant, investor and coach. Ask the advisor about their approach to risk management and investing, as well as other value-added services they might offer, such as helping with tax optimization strategies, cash flow, and estate planning.



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- [How to select an advisor](#)
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¹ Women and Finances, CIBC Poll 2020

² Women and Financial Sacrifices, CIBC Poll 2019

³ Tal, Benjamin and Judge, Katherine. "The Changing Landscape of Women's Wealth." The Changing Landscape of Women's Wealth, 4 Mar. 2019.

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