

Financial Ignorance Has High Price for Women

Leia Francisco

Women are a great natural resource in Fairfax County. We are vital to our families and our communities, we represent the heart of volunteerism and we fuel the economy with the money we make and spend.

Educated and skilled, we earn a median annual income that is 35 percent higher than the national figure for women's income, and a business-friendly environment makes our region fourth among the top 50 metropolitan areas for women's business ownership. It seems that despite the inequities women face socially and economically, Fairfax County has seen significant gains for women.

Despite such progress in pay and work options, we still fall behind in an important area: understanding and managing our money.

We are certainly concerned about money management, as reflected in a 2002 Gallup Poll in which women put financial issues as the most pressing concern in their lives -- ahead of family, health, work and stress. But concern doesn't always translate to knowledge about finances.

There are, of course, financially savvy women, but chances are that most of us have serious holes in our financial education. A 2003 report by the Washington Area Women's Foundation pointed out that the median annual earnings for our county's women (\$41,802) vs. men (\$60,503) reflect the largest wage gap in the region. Not an insignificant problem when you consider that a Fairfax County woman with one school-age and one preschool child needs more than \$50,000 a year just to be self-sufficient.

The report recommends preparing girls and women for financial independence throughout their lives, having found that "women of all backgrounds suffer from an incomplete working knowledge of their own assets as well as the tools and services available to them."

We must make improving money management skills a priority for women and girls. We must, because not having those skills has a significant impact on our lives. Whatever a young woman envisions as her future, chances are good that she will be the sole financial decision maker at some point in her life.

The realities are that women still earn less than men, save less and are more likely to take part-time work or drop out of the workplace as they become pregnant and as they care for young children and ailing relatives. One in four widows suffers the loss of all financial assets within two months of her spouse's death. We live longer than men, but less than 15 percent of us have a retirement plan, and because we usually have smaller retirement benefits, it is likely that we will eventually represent most of the people who are old and poor. Add to these economic hurdles the struggle of being poor, a single parent or a minority, and the picture becomes darker.

We can begin to change this picture by first understanding that our lack of money know-how has resulted in part because historically we may have relied on others to provide financial advice or may have not been encouraged to think about and assess our financial lives.

We too often get our financial information piecemeal and wait until we are in the midst of a crisis to seek financial counseling: divorce, death of a spouse, loss

of a job in the family, lack of savings for old age. Many women admit to being intimidated by financial services and institutions that are dominated by men. If we are to increase our money-management skills, we must push back at a culture of stereotyping women as less capable and independent with their money.

We must help women change not just their knowledge but their behavior as well, and do so through a financial education process that engages women in all facets of their lives. Programs in isolation, offered sporadically with merely surface information, have not worked and will not work. Financial information needs to be deep and long, focused positively on preparation rather than a response to fear. Financial education must be developed in the broader social context of a woman's family, community and shared connections, providing, as one expert termed it, "a backyard fence" where women can reach out to each other.

A solid education about money management should also help women prepare for life transitions by using mentors and coaches who can build trusting, individual relationships.

Whenever I address this subject with women, they always tell a personal story of how they or another woman experienced financial disaster because she did not have her own financial resources, or did not have important financial information during a divorce, or saw her own mother grow old and poor because the mother was too frightened or confused to ask about her finances. That is why women want to help other women.

The good news is that we can become financially empowered, and we have more

resources to make that happen. Today some businesses such as SunTrust Bank, Home Depot and MassMutual are reaching out to women's markets in an effort to make products and services more accessible and relevant for women. Programs such as Girl Power and the Girl Scouts are helping girls learn early about money essentials.

All of this education needs to be a community concern because women are rooted in their neighborhoods and communities. And the community is where financial education can truly make a difference. We need volunteer programs to cover everything from basic budgeting to long-term care. I have experienced firsthand how effective these volunteer programs can be, whether presented at a place of worship, a school or a community center.

Human services organizations desperately need help for clients, particularly women who are most in need and have very limited money.

Civic associations, faith organizations and leadership groups should consider investing their time and talent in financial literacy projects. A continued presence of these efforts in friendly and nearby places can mark a huge change for a woman who does not know where to turn for financial information.

Most important, women need to ask questions in an environment where no question is stupid, where all questions get answered, where we are encouraged to be financially smart and independent.

Women need to make financial literacy a priority, because being smart about money helps us create better lives -- and better communities.

Leia Francisco, former executive director of the county Commission for Women, is trying to raise awareness about the importance of financial literacy in women's lives. She currently is chairman of the women's advisory board of Capitol Financial Partners in Vienna and is a professional coach for women in transition. She has more than 20 years of experience working with women and developing public policy.

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