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VIEWPOINTS OPINION

Some women face financial crisis | Opinion

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In American College's Women's Retirement Literacy Report, only 14% of older women reported feeling knowledgeable about retirement income planning, and only one in five felt highly knowledgeable about social security. (frees // Shutterstock)

While the United States is the world's largest economy, we don't even rank in the top 10 when it comes to the number of adults who are financially literate, according to the Standard & Poor's Global Financial Literacy Survey. And women feel the weight of this reality at greater rates than men.

In American College's annual **Women's Retirement Literacy Report**, the college gave 821 women and 688 men between the ages of 50 and 75 a financial literacy quiz on topics ranging from retirement planning to investment basics. On average, women scored 9 percentage points lower than men, and 89% of female respondents failed the quiz altogether.

Poor financial literacy becomes especially burdensome for older women who have lost their husbands or gone through a divorce.

Melisse Burstein is a partner at Gerson Preston, one of the oldest full-service public accounting firms in South Florida. (MICHAELSPAINSMITH)

While the overall divorce rate in the U.S. has gone down, the number of divorces involving couples over 50 has **doubled over the last two decades**. These women are at risk for suffering financial hardship during their golden years, as older women are less likely to have a grasp on their personal finances than the younger generation.

In the Women's Retirement Literacy Report, only 14% of older women reported feeling knowledgeable about retirement income planning, and only one in five felt highly knowledgeable about social security.

As a certified public accountant and partner at Gerson Preston, I work with many divorce attorneys locally to help clients divide marital assets and plan post-divorce finances. Frankly, I am shocked by the number of married women that lack basic financial skills.

Women did not always have the same opportunities we have today, and that becomes abundantly obvious when I assist women reaching retirement. When it comes to topics like estate planning, budgeting and managing income, many of these clients simply do not have the knowledge or experience to make informed decisions. There are many reasons why this situation is so pervasive. Perhaps they have always let their husband handle their finances, left the workforce many years ago, and/or were never interested in managing their own money until they were forced to do so.

Regardless of the 'why,' it's clear that something needs to change. Despite the fact that women have more opportunities than ever before, in the past decade, fewer women have said they feel financially secure (62% in 2019 compared with 68% in 2016) or have identified themselves as the breadwinner in their household (38% in 2019 compared with 60% in 2013), according to the **2019 Women, Money and Power Study**.

Therefore, women should start learning about personal finances while they are still in school. Financial education can and will play a pivotal role in supporting women who may experience personal crises and can also give them the strength to leave unhealthy relationships, confident that they can economically support themselves.

The private sector is primed to play a key role in supporting nonprofits focused on financial education for people of all ages. **United Way** is one such organization that has always been dedicated to supporting and empowering the financial wellbeing of individuals in South Florida. Through its financial stability program, United Way has helped more than 4,000 people learn how to budget, save and manage money, with the goal of paving a way to economic independence for all.

Moreover, I encourage women in South Florida — whether young or old — to take control of their personal finance situations before the next pandemic, divorce or other potential crisis strikes. Some things women can do to brush up on the basics include:

- Take inventory of your monthly income versus expenses.
- Allocate 20% of your monthly income toward a rainy-day fund.
- Use no more than 30% of your monthly income on "lifestyle activities" (e.g., shopping, eating at restaurants, going to the movies, etc.)
- Evaluate purchases by "cost per use" (e.g., buying a more expensive shirt may be worth it if you'll get more uses out of it in the long run).
- Set a budget — and stick to it!

While it's understandable that financial and retirement planning makes many people anxious, taking hold of your economic independence now will likely result in less headaches down the line. It's never too late to start on the pathway to financial freedom.

Melisse Burstein is a partner at Gerson Preston, one of the oldest full-service public accounting firms in South Florida.

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