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The Gender Issue

As a woman, you have a vested interest in being an informed and active investor.

Some things really have changed. More women invest than ever before. A growing number of women participate in employer sponsored retirement plans. Women who invest actively express confidence about their ability to make informed choices and manage their assets. And the majority of those women tend to invest more wisely than their male counterparts, in part because they are less inclined to take too much risk.

This investing evolution that has occurred since the early 1990s doesn't provide a complete picture, though. Many women still work in jobs where no retirement plan is offered. What's more, the majority of people in the US—women included—haven't saved enough to provide a comfortable retirement, based on information gathered by the Employee Benefit Research Institute (EBRI). But there are ways to continue to move toward resolving the fear that many women share of outliving their income.

INVESTING STYLES

Women investors, as a group, tend to be more conservative than men. In broad terms, that means they are less likely to buy investments they don't understand, act on tips from friends, or put primary emphasis on making a lot of money quickly. It also means that they buy and sell more deliberately than speculative investors, which may help make their portfolios more stable.

These characteristics have sometimes been criticized, or even presented as a derisive explanation for why women in general—though not all women—weren't accumulating more investment wealth. But in the economic downturn that followed the boom years of the 1990s, a more deliberate approach, with an emphasis on asset allocation and diversification, seemed increasingly the mark of a good investor.

There is a connection, though, between successful investing measured by increasing net worth and confident investing, according to an OppenheimerFunds, Inc., research study. The more assets a woman has, the more interested in investing she tends to be, the more she typically knows about investing, and the more assured she is in making investment decisions. What there's no way of knowing is which came first. Is the investment success the chicken, or is it the egg?

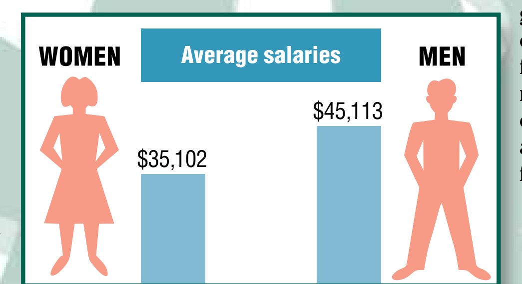
Earning Power

THE FACTS

Women now earn more than 76% of what men in comparable jobs earn, a statistic that leaves room for improvement but also represents progress toward income equality. In an encouraging sign, the income of younger, college-educated women is almost on par with that of their male colleagues. Women as a group earn more than $1 trillion each year. And more women than ever before own and run their own businesses, providing jobs and financial security to others—many of them women as well. However, women tend to move in and out of the workforce, which means they may accumulate fewer retirement credits.

THE SOLUTIONS

Increased earnings are important to long-term financial security, as is regular employment. Women who stop working full-time may want to continue part-time to stay in a retirement plan or preserve seniority. Another approach is to explore flexible hours or telecommuting, which may enable mothers with small children, or daughters with aging parents, to juggle their potentially conflicting responsibilities at work and home. A survey sponsored by MassMutual shows that a growing number of women run family businesses. Many of these firms are distinctive for their productivity, philanthropy, and employment of women.



Source: US Bureau of the Census, 2008

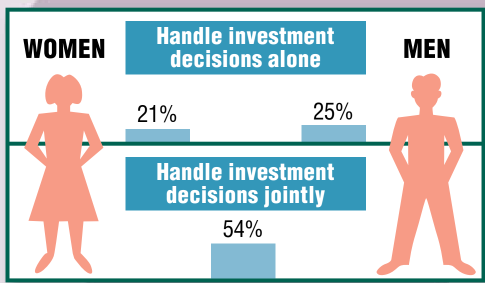
Managing Money

THE FACTS

Women head more than 50% of the households with high net worth, according to the US Bureau of the Census, and salaried wives earn at least 50% of their households' income. Those women are active investors. Women manage the day-to-day finances in 47% of married households and are responsible for purchasing most of the products and services the households buy. Unmarried women, who make up roughly 20% of the population, the 75% of married women who are eventually widowed, and the 50% who divorce are also active money managers.

THE SOLUTIONS

Increased earning power and more experience in money management both translate into greater participation in making investment decisions, both at home and as participants in employer sponsored retirement savings plans. One way that a woman who doesn't work outside the home can gain investment experience and begin to accumulate retirement savings in her own name is with a spousal individual retirement account (IRA). If her husband earns income, he can contribute up to the annual limit each year in her account, which she controls.



Source: Securities Industry Association and Investment Company Institute, 2006

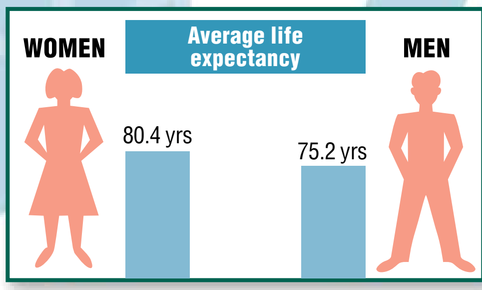
Life Expectancy

THE FACTS

Because women have historically earned less and lived longer than men, it's not surprising that a disproportionate percentage of the elderly poor are women. While women make up 51% of the adult population, they constitute 62% of the people over 75 who live below the poverty line, according to the US Bureau of the Census. While the actual number of women in that situation has dropped over the years because of increased support from the federal government, retirement planning experts are concerned that that pattern may reverse itself as women who retire in the next 20 years may have less than one-third of what they need to live comfortably.

THE SOLUTIONS

As women invest more during their working lives and emphasize a diversified portfolio of investments that have the potential to grow in value, they have the opportunity to provide more of the income they'll need in retirement. Single women may be especially conscious of the need for long-term investments as they are likely to be dependent on their own resources. Married women should understand how their husbands' pensions are paid and the income to which they are entitled. Divorced women should know that they may have a right to Social Security benefits, and perhaps pension income, based on their former husbands' earnings.



Source: National Center for Health Statistics, 2007

Some Details of Ownership

There's more to owning property than simply knowing where to sign your name.

You can own investments several different ways. If you buy a mutual fund, for instance, you can own it in your own name, jointly with one or more other people, or as a trustee for the benefit of someone else.

In each case, the way you own an investment determines your rights as an owner, including whether you can sell the property or give it to someone else. Your parents, for example, could give property to you and your siblings in equal shares, allowing each of you the right to sell your shares separately. Or they could require that you all agree before any part of it could be sold.

KINDS OF OWNERSHIP

Basically, there are four ways to own property, whether it's real estate (land and buildings), stocks, bonds, mutual funds, bank accounts, or almost anything else:

	SOLE OWNERSHIP	JOINT TENANTS WITH RIGHTS OF SURVIVORSHIP	TENANTS BY THE ENTIRETY	TENANTS IN COMMON
Owners	One person owns the property and controls what happens to it	Two (or potentially more than two) people own the property equally	This must be a married couple who own the property together	Two or more people own a share—generally an equal share—of the property
Right to sell	There are no limits on selling it, giving it away, or leaving it by will as long as you own the property outright	One person can sell his or her share, but usually only with the consent of the other owner(s) and only if the proceeds of the sale are shared equally with the other owner(s)	Neither can sell without the other's permission	Each owner can sell his or her share independently and keep the profit. The other owner(s) have no right to inherit (though they could), and they have no control over a co-owner's share
In a divorce	Property purchased during a marriage could be counted as marital property that's subject to division	If the owners are married, and they divorce, the property is marital property that may be subject to division	Spouses become tenants in common, and either has the right to sell his or her half without the consent of the other	Property purchased during a marriage could be counted as marital property that's subject to division
At death	Property can be left by will or put into a trust as the owner wishes	When one owner dies, that share becomes the property of the other owner(s). It can't be left by will to anyone else	When one spouse dies, the other becomes the sole owner of the property. It can't be left by will to anyone but the spouse	Property can be left by will or put into a trust as the owner wishes

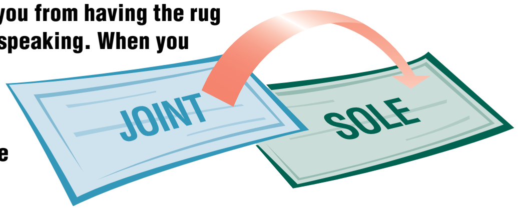
YOU DON'T ALWAYS GET IT IN WRITING

When you buy certain property, like a car or real estate, you get a title, or certificate of ownership, that names you as the owner. It must be signed over to the new owner when you sell. In fact, the process of finalizing ownership is often referred to as **taking title**.

In the past, you also used to receive certificates when you bought stocks and bonds, which you had to safeguard and then sign and turn in when you wanted to sell. But when you buy securities today, ownership is recorded in book-entry form or held in the name of the brokerage firm. You can usually sell simply by giving instructions over the phone or online.

ACHING JOINTS

Joint ownership won't always protect you from having the rug pulled out from under you, financially speaking. When you have joint checking or savings accounts, or any account that doesn't require both signatures to transfer or withdraw money, either owner can take out every penny, perfectly legally.



FLEXIBLE OWNERSHIP

Ownership can be changed, often relatively simply. If you want to make your husband, your adult child, or some other person a joint owner of property that you now own alone, you can usually change the title with little hassle and rarely any charge. With a mutual fund account, for example, you write a letter of instruction to the custodian. With a stock certificate, you complete the transfer section on the back. In either case, you might have to get a signature guarantee from your bank.

With joint ownership, you and the other owner(s) have to agree before a change can be made. But if you agree, you can make whatever changes you want.

However, you should avoid acting too hastily on any change in ownership, especially during a period of stress or at a major turning point in your life. For example, lawyers often advise newly married people to keep assets they had before marriage in their own names at least for a period of time. If you live in a **community property state**, in fact, you may decide to hold premarital property in sole ownership no matter how long you're married. Otherwise, you give up your right to own it exclusively in the future.

GETTING ADVICE

If you're married or involved in a long-term relationship, you should discuss ownership decisions with your lawyer and probably with your tax advisor.

Many married couples own all their investments, including their homes, jointly. There are good reasons for this, including the fact that it helps to establish financial equity between husband and wife and may prevent one partner—for whatever reason—from selling all the assets. But there are potential drawbacks to owning everything jointly, including protecting assets from federal estate taxes or claims from your or your husband's creditors.

Though you can't prepare for every eventuality, your lawyer might advise you to limit joint ownership if one of you might be vulnerable to lawsuits because of your profession or other activities. Trying to shift ownership in the face of a legal threat usually doesn't work.

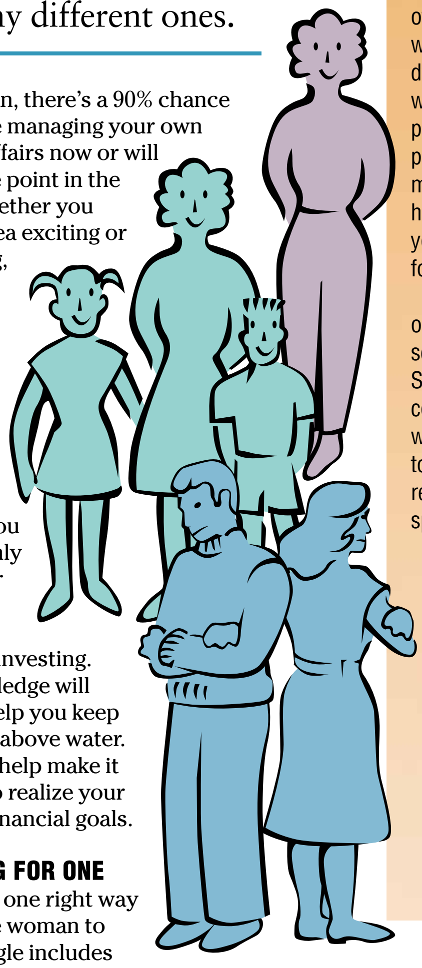
WHEN TIME COUNTS

One caution: There are times when a transfer of ownership might be challenged in court, such as in cases when you're trying to protect certain assets or qualify for government assistance. In those cases, transfers must occur by a specific date—sometimes as long as three years or more earlier—to be valid.

THE NEW REALITY

Investing on Your Own

Being single isn't one category—it's many different ones.

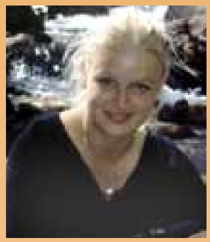


As a woman, there's a 90% chance that you're managing your own financial affairs now or will be at some point in the future. Whether you find the idea exciting or frightening, the likelihood of making these decisions means you'll need to know as much as you can, not only about your day-to-day expenses but about investing. This knowledge will not only help you keep your head above water. It will also help make it possible to realize your personal financial goals.

INVESTING FOR ONE

There's no one right way for a single woman to invest. Single includes those who never marry, those who divorce, and those who are widowed. It also includes those who are heads of households, who live with partners, or who live alone. Your age will make a difference as well, since the period of time you have to invest for specific goals will affect the investment strategies you use. For example, a woman in her 20s and a woman in her 60s might both be investing for retirement. The former is likely to look for investments that will grow in value, while the latter may be shifting to investments that produce income.

SINGLE



If you are single and have no dependents, you may not be responsible for other people's welfare. If you don't have to worry about providing healthcare for your parents, paying for a college education, or making sure your husband or partner has enough to live on after you die, you can invest for the things you value for yourself.

At the same time, you are the only one responsible for your financial security. Most women who collect Social Security based on their own earnings collect less than men and less than widows. That makes it doubly important to invest through tax-deferred or tax-free retirement acounts, including employer sponsored plans and IRAs.

FAMILY HEAD

If you're a single woman with children, you are responsible for their well-being as well as your own. In fact, you may have put your own long-term goals on hold to meet your children's needs.

No one can fault you for that. But you should also be looking for ways to invest for your future, even while your current investments are helping to pay for your children's education. You're likely to live a lot longer after they're on their own.

One good way to build your nest egg while meeting other expenses is by putting money into a retirement plan sponsored by your employer. These plans have the added benefit of reducing your current taxes and providing a source for loans should you need some cash in the short term.

NEWLY SINGLE

If you suddenly find yourself single and responsible for your own finances after many years of marriage, your primary concern may well be making the money you have last as long as you'll need it. And if you've never been involved in investment decisions, the responsibility may seem overwhelming.

But it doesn't have to be, because you can get the help you need to make wise decisions. Attorneys who specialize in elder law, for example, do much of their work for women. If you don't have a financial advisor, or are uncomfortable working with the one your husband used, ask your lawyer about finding someone to work with. Or you can ask for advice and professional referrals from your relatives or friends who have had similar experiences.

WOMEN WHO LIVE ALONE

Approximately 63 million women in the United States are married and 55 million are not. Some are unmarried, some are divorced, and others widowed. A small percentage of married women live apart from their husbands.

	15 TO 24	25 TO 44	45 TO 64	65 AND OLDER
NEVER MARRIED	96%	70%	22%	6%
MARRIED*	2%	7%	8%	4%
DIVORCED	0.4%	21%	49%	13%
WIDOWED	2%	2%	21%	77%

Source: US Bureau of the Census, 2007

* Married women who live apart from their husbands.

FINDING HELP

If you find that investment information that's generally available seems designed for a traditional couple, don't despair. You can get investment information that's tailored for you.

- Look for a financial advisor who has experience working with single women
- To find an investment discussion group or seminar that's designed for singles, check with your local library, civic center, or religious or educational institution
- Get information from your professional or union affiliation
- Find out about an existing investment club you can join or discuss forming one with your friends and colleagues
- Contact local or national women's groups for information and referrals. You can find the Older Women's League online at www.owl-national.org or call the national office at either 703-812-7990 or 800-825-3695.

EMERGENCY FUNDS

Financial emergencies happen in everybody's life, whether you're single or married. The real issue isn't whether, or even when, they will happen, but how they can be resolved.

One safety net that most financial experts recommend is an **emergency fund**, money set aside in an account you can tap easily—such as your savings or mutual fund money market account (though not your checking account), or in short-term investments like certificates of deposit (CDs) or US Treasury bills.

You'll find that different financial experts suggest different reserve amounts, with the most typical being the equivalent of three to six months salary. Experts differ dramatically, though, on how much a single woman should keep in reserve.

Some advisors, who recognize the consequences of keeping too much money in low-paying accounts, urge women to invest most of their emergency money in a balanced portfolio of stocks, bonds, and mutual funds. The argument is that you can always sell the investments if you must have the cash. It is possible that you might lose some money if you need to sell on short notice, but if you don't need to tap your savings, you'll potentially earn more in the long run.

Other advisors, who are concerned that women on their own may have more difficulty getting assistance from their families or a harder time finding a new job, think that women should keep more money in emergency funds than the amount they recommend for men.

While you'll have to make the final decision about the size of your reserve fund, you should resist the temptation to confuse being cautious with dragging your heels about putting your money to work.