



5 Important Actions for Women to Help Build Financial Security

How to protect your family from financial disruptions.

KEY INSIGHTS

- Plan for the “what ifs” to guard against financial disruptions.
- Funding emergency reserves and having adequate life and disability insurance can help to support the family.
- A lifetime earnings gap is most prevalent with women who alter their careers to take care of others.



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Women face a number of gender-specific risks when it comes to money. In addition to the disparity in paychecks, there is a far more significant lifetime earnings gap that is most prevalent among women who leave the workforce or alter their careers to raise children or to be primary caregivers for a spouse or an aging parent.

Life events and financial shocks—such as [divorce](#), disability, unemployment, and [widowhood](#)—can wreak havoc on even the best-laid plans. This is especially true in situations where a woman is a full-time parent or caregiver who relies on someone else to financially support the household.

Planning for the “what ifs”

- **Emergency reserves:** We suggest having savings that can cover three to six months of expenses in an easily accessible account. In a household with a primary earner, leaning toward the higher end—an amount that can cover six months of expenses—is a good idea. Should the primary earner become unemployed, the household is better prepared to weather this period of uncertainty without having to scramble to find other sources of income or consider drastic cuts in spending.
- **Insurance:** Make sure the primary earner has enough life and disability insurance to support the family should something happen. After all, that’s the income the household is relying on. At the same time, consider the insurance needed to replace the contribution of an at-home spouse who doesn’t earn a paycheck. There definitely would be costs associated with certain household activities if they had to be outsourced.

82¢ vs. \$1

As of 2022, women earned roughly 82 cents on the dollar compared with men, according to U.S. Census Bureau research.

- **Family finances:** In some households, there might be a division of labor. One spouse may be responsible for the day-to-day tasks: paying the bills, balancing the checkbook, and managing schedules. The other spouse may be responsible for overseeing the investment and retirement accounts. It's extremely important that both spouses understand the financial position of the entire household—what is owned and what is owed. What are the household debts? What are the savings and investments intended to help achieve future goals, and how is the family tracking to meet those goals?
- **Investment acumen:** Whether spouses are dividing and conquering or relying on their partner to support the household, building financial acumen is a necessity. Women should learn and practice how to save and invest, learn the lingo, and gain experience by opening their own savings and investing accounts. A spousal individual retirement account (IRA) may be a great place to start for women with little or no income of their own. Monitoring their credit history is another good idea. If they would ever need to support themselves, they'd be ahead of the curve.
- **Earning potential:** When women leave the workforce to care for children or an aging parent, they may be at home during their peak earning years. This career gap may make it difficult to reenter the workforce. Women may want to consider keeping a foot in the door. Part-time, contractual, or consulting work not only will contribute to the household, it will help keep their skills sharp and future hiring prospects brighter. Volunteering is one way to maintain professional skills, and engaging in supportive networks is also helpful. Additionally, continuing education to advance a future career can be extremely rewarding. If a woman finds herself in a situation where she has sole financial responsibility, she will have the confidence to make the most of potential opportunities.

Taking these five actions can help every woman be better prepared for the unexpected—and protect her family from financial disruptions. And for women who have left the workforce and rely on a primary earner, these tips are essential in helping to provide greater financial peace of mind.

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