# Actively Navigating Your Financial Future

Ensuring a stable future includes being a full partner in estate planning.

Every adult, regardless of gender, age, family or wealth status, should understand his or her finances. However, studies demonstrate that women are still less hands-on than men with regard to creating their optimal estate plan, directing their investment portfolio and selecting their trusted advisors. Despite improvements in economic parity versus a generation ago, a financial gender gap still exists.

There is no divergence between the broad financial priorities of women and men:

- Living the best life possible
- Comfort and freedom in retirement
- Succession of wealth to family and philanthropies
- Disposition of their business concerns according to their direction

Yet, upon retirement, incapacitation of a spouse or change in marital status due to divorce or widowhood, too many women find themselves on less stable footing than men. This may lead to economic insecurity, forced changes in lifestyle, stress on family relationships and emotional trauma.

## Sources of the Financial Gender Gap

Why do more women than men face this kind of economic adversity? Aside from broad institutional inequalities, such as the pay gap, reasons vary.

### Reason 1: Division of Household Oversight

Often, one person in a relationship is the primary manager of a household's day-to-day and long-term finances. This may be based on expertise, preference, available time or gender dynamics, but there is typically an implicit trust that a life partner will establish the best plan for the couple or family. Real-life cases show, however, that this can lead to passivity and one spouse being left out of the financial conversation. The more complex the estate, the greater the information isolation may be over time for the partner who is less active in its oversight.

### Reason 2: Investment Styles & Confidence

Women statistically take fewer investment risks than men. Additionally, women give themselves lower scores on financial literacy self-assessments than men do, and women over 50 especially demonstrate less knowledge about investment priciples .[1]

## The Impact of Inequity

At First County Bank, our advisors have witnessed how monetary uncertainty disproportionately makes a challenging personal situation even more difficult for women when an unexpected life event occurs. Women, more often than men, find themselves needing more self-generated income than they anticipated, and are often unable to locate critical documents, unsure of who to contact for information, uncertain of the details of their estate plan and, perhaps, facing untenable economic futures.

To illustrate the challenge:

- 26% of widows had difficulty locating bank accounts and investments and obtaining access after their husbands died[2]
- Divorced spouses, on average, need more than an estimated 30% increase in their income to maintain the same standard of living[3]
- Despite being generally conscientious about saving for retirement, especially through workplace 401Ks, women are often not maximizing their estate growth through investing[4]

1. Bucher-Koenen, Lusardi, Alessie, van Rooij. *How Financially Literate are Women? An Overview and New Insights.* Washington, DC: Global Financial Literacy Excellence Center, 2016. 2. Greenwald, Matthew. *Survey of Recent Widows*. Washington, DC: Women's Institute For A Secure Retirement, 2013. 3. *How Will Divorce Affect Me Financially*? YourDivorceQuestions.org. 4. *A Today and Tomorrow Guide for Women Investors*. BlackRock.com, May 23, 2016.

Our Trust & Estate Officers work with all clients to build customized and wholly-understood life plans.

## Closing the Literacy Gap

To feel in control and secure, female or male, it is important to be engaged before a time of change or crisis. There are many ways to enhance your general and personal financial awareness:

- Be an active partner in all joint financial and estate planning decisions, especially if a primary asset and income generator is a closely held business
- Insist your financial advisors are willing to engage, respect and educate you – even if you are not the primary contact
- Regularly review your credit rating
- Know how to contact all current legal and financial advisors
- Maintain updated lists of account numbers and passwords for cash and investments
- Review your tax returns and all estate documents before you sign them
- Ensure you know your total net worth including all assets and debts
- Educate yourself on the basics of investing and estate planning; start with *National Endowment for Financial Education* (NEFE.org) and *The Women's Institute for a Secure Retirement* (WiserWomen.org)

## Managing Through Change

Should you find yourself navigating through the complexities of a change in life and/or financial status, consider this advice:

- Take the time to assess your situation now and for retirement before making any major financial decisions
- Understand everything you can about the access to, and tax implications of, your individual and joint assets
- Think about your personal and professional relationships, and seek support and advocacy from those you can trust to help you make and execute the best decisions for you and the next generations
- Enlist the services of a professional finanical advisor who is experienced, compassionate and with whom you feel comfortable

### Talk to Us About Collaborative Wealth Management

First County Advisors welcomes the opportunity to help you succeed. Let us get to know you and your personal concerns, and develop your customized trust and estate-planning strategy. Please call us to discuss your goals and needs. It's not only our business; it's our privilege to work with you.

## Your First County Advisors Team

**David M. Metzgar**, CFP®, CTFA
Senior Vice President, Senior Trust Officer
dmetzgar@firstcountybank.com
(203) 462-4267

**AnnaMarie S. Boccuzzi**
Vice President, Estate & Trust Officer
aboccuzzi@firstcountybank.com
(203) 462-4483

**Paul J. Bubniak**
Vice President, Trust & Investment Officer
pbubniak@firstcountybank.com
(203) 462-4294

**Sandra Greer**
Vice President, Trust & Investment Officer
sgreer@firstcountybank.com
(203) 462-4364

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First County Bank · 3001 Summer Street · Stamford CT 06905 · (203) 462-4200