

"Financial Issues Affecting
Women In Our Community"

A Kosciusko Leadership Academy
White Paper Project

by

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KLA White Paper Project

Financial Issues Affecting Women in Our Community

Introduction

A survey of 94 local women during the period March through April 1992 revealed some interesting facts about their financial concerns, financial mistakes they have made, financial activities they have undertaken in the last 12 months, and their desire to acquire information on specific financial topics.

The objective of this KLA White Paper project was to 1) identify key financial concerns of women in our community and 2) explore support and educational programs which would address timely financial alternatives and issues of particular interest to women.

There are many financial issues which are common to both men and women. Yet, there are several issues unique to women which require special understanding and planning. Consider the following facts cited by Harvard Law School graduate and author, Anita Jones-Lee. Her research demonstrates that

- * Working women still, on average, earn less than men.
 - * 8 of 10 married women will become widows.
 - * Women are more likely to face the possibility of caring for elderly parents.
 - * Women are more likely to outlive their retirement income.
 - * Following divorce women continue to remain the custodial parent in most cases.
 - * Some sellers of certain products charge women more than men.
- (Jones-Lee, Women and Money, Barrons, 1991.)

While an abundance of money management information is available, it rarely is directed to assist women with specialized concerns.

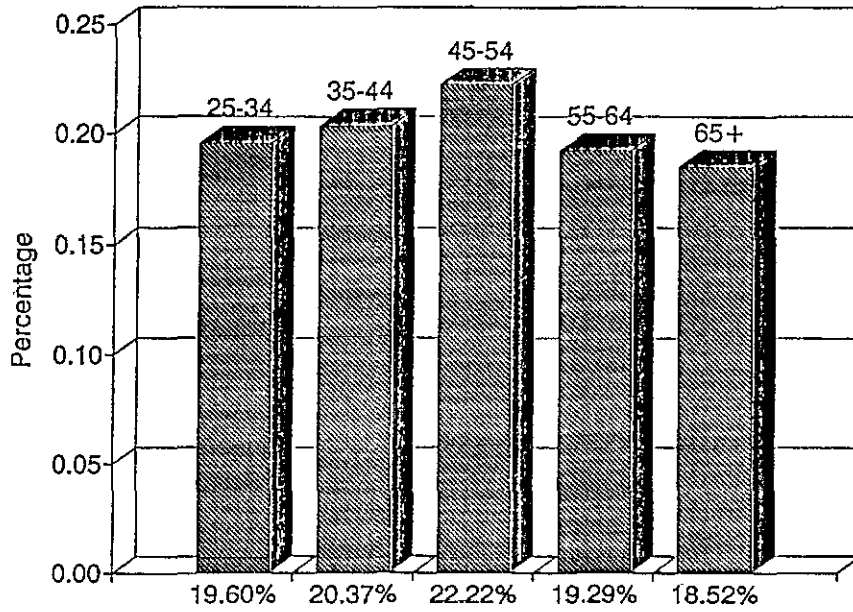
This paper will highlight the survey data results, propose conclusions based on the survey and other sources, and then outline a series of recommendations designed to address the primary concerns raised by this study.

Data Analysis

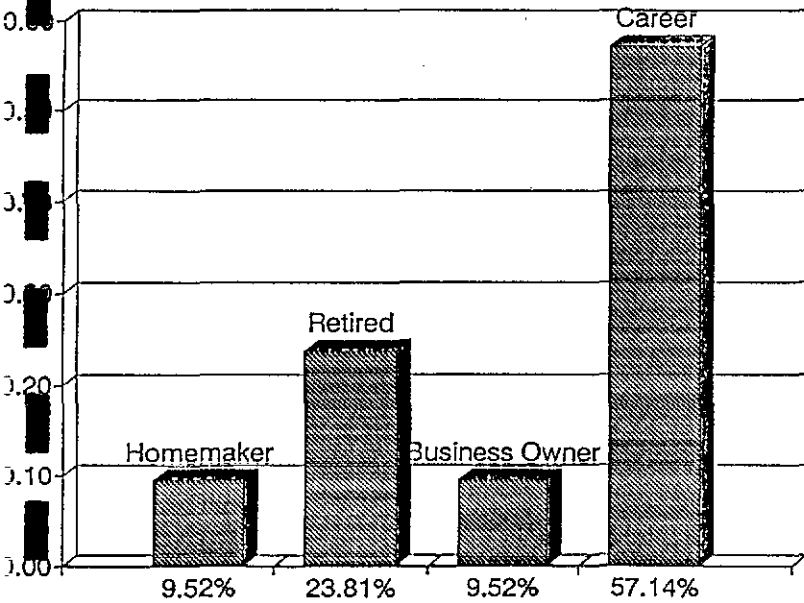
The sources used in obtaining the sample used for the survey were a combination of the membership rosters of 1) Altrusa, 2) Kosko Association of Female Executives, 3) the "Widowed to Widowed" group, and 4) distribution to an undefined sample of community women. A majority of the surveys were distributed and returned by mail. 143 surveys were distributed, 99 were returned, and 5 were unusable due to excessive portions being skipped. Therefore, an effective return of 66% was achieved. Return postage was supplied which may have contributed to the high return percentage. Although randomness was not guaranteed in the sample design, the selection of 143 women was sufficiently large and variegated to satisfy the requirement for representativeness. Unless otherwise specified, ratings referred to in this paper are "adjusted ratings." This means they were based on the actual number of people who answered that particular question - not on the total number of respondents.

A sample of the survey packet is attached (see appendix A).

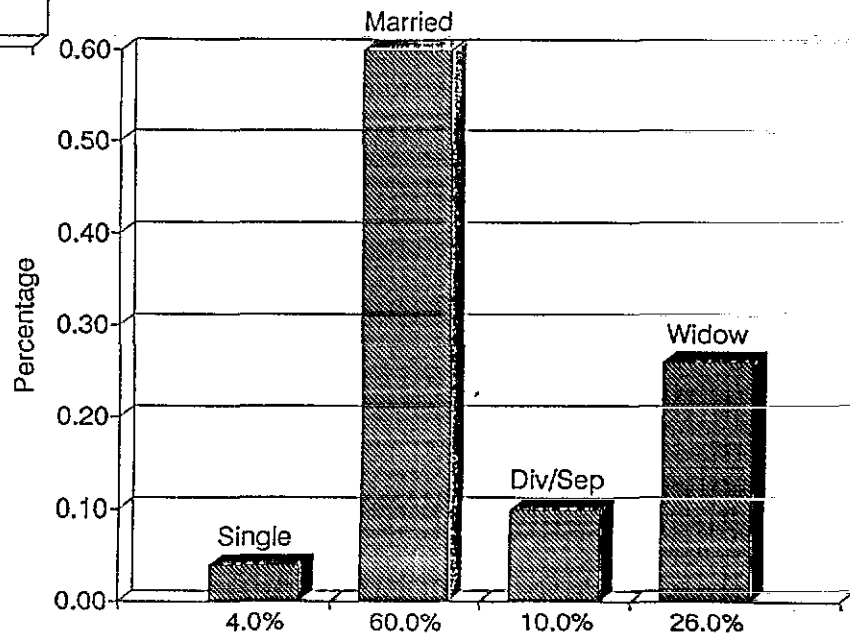
Profile of Respondents by Age



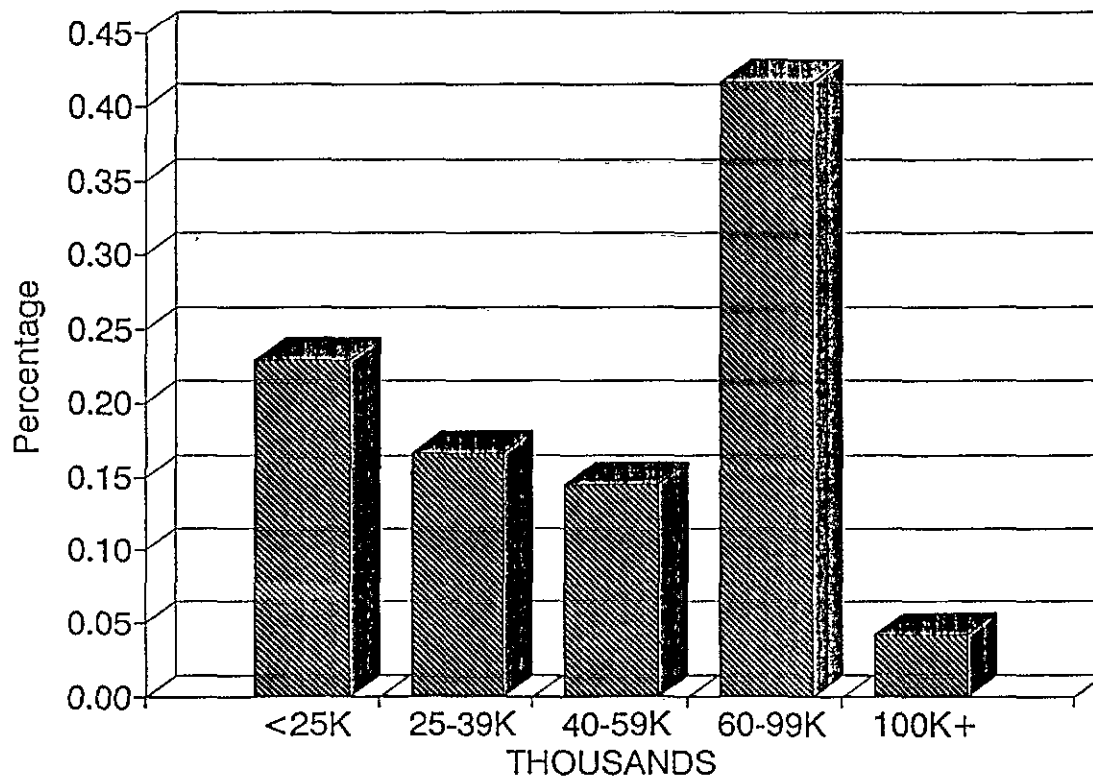
Profile by Vocational Category



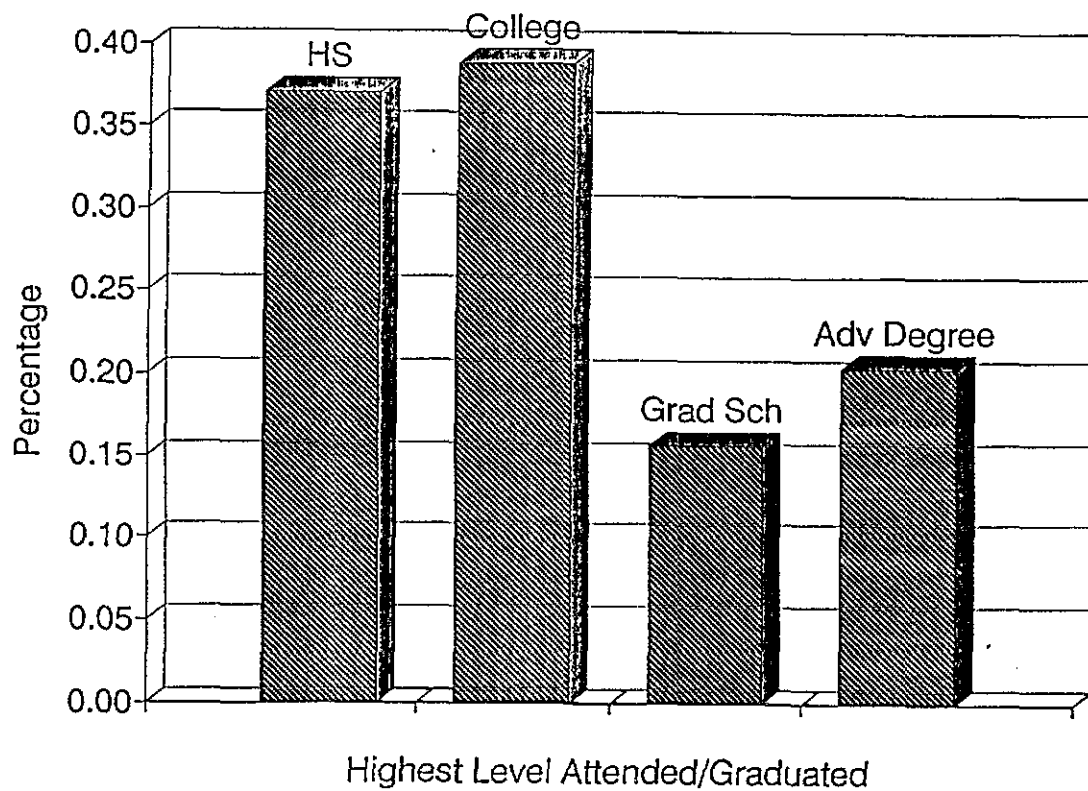
Profile by Marital Status



Profile by Family Unit Pre-Tax Income

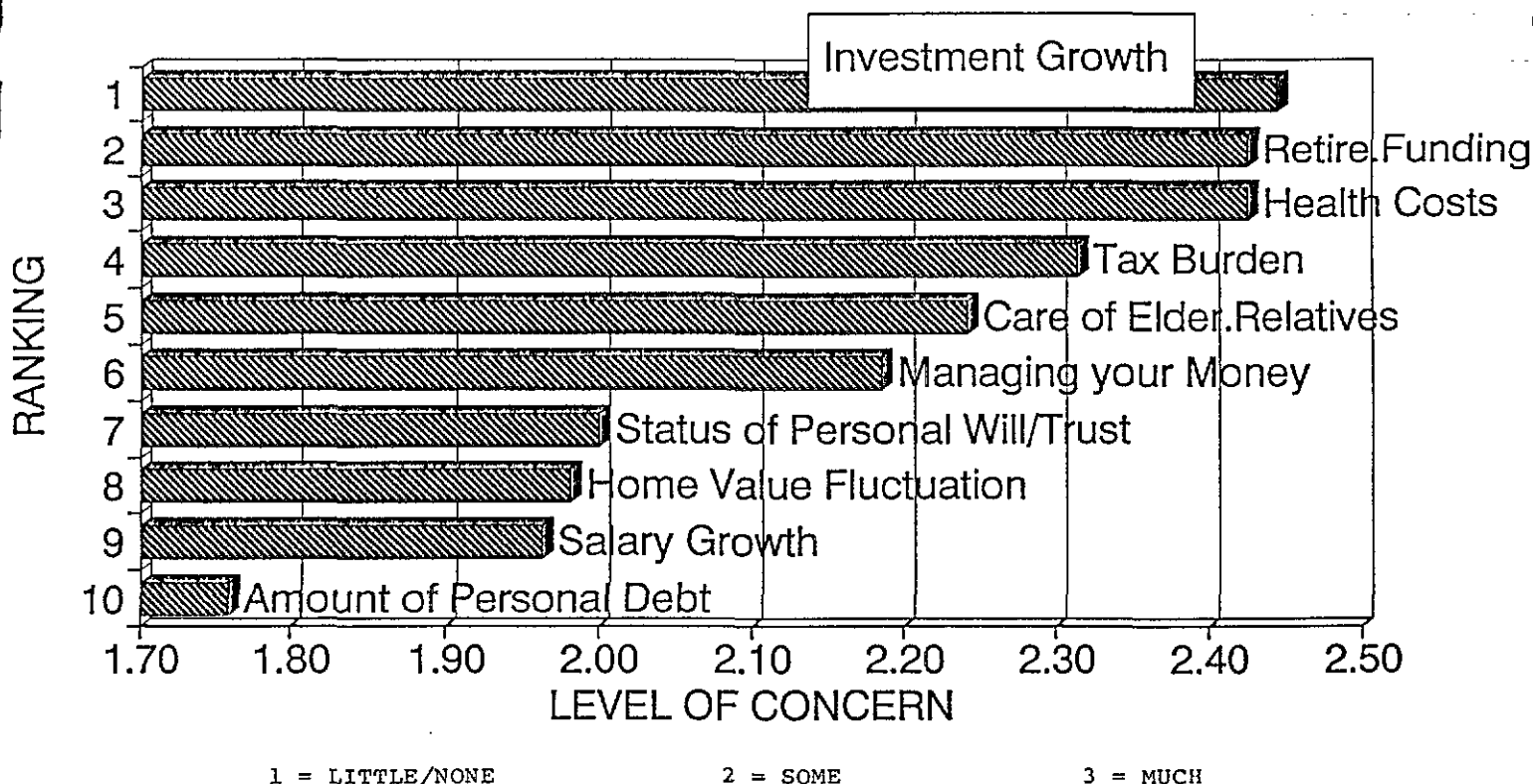


Profile by Education Level



Profile of Top Ten Financial Concerns

How concerned are you about...?



Observations:

* The issue of investment/asset growth is a constant in the top five concerns across all samples. This may be attributed to low interest rates on cash accounts and fixed income instruments. The number one rated information session respondents would attend was, "How to Choose Good Investments". Beyond the issue of "How to Choose" is the issue of "How to Buy a Stock, Bond, etc" which was, rated sixth. A possible conclusion is that some individuals are sensing the need to diversify assets (bank accounts, CD,s) but want more information before proceeding.

* The following page depicts the top five concerns ranked by age and income level.

- Care of an elderly relative is a high concern of individuals 45 years old or more and of individuals with family incomes of less than \$60,000.

- Retirement funding is mentioned frequently even in the age group of 25-34 years of age.

Breakdown of Top Five Concerns by Age

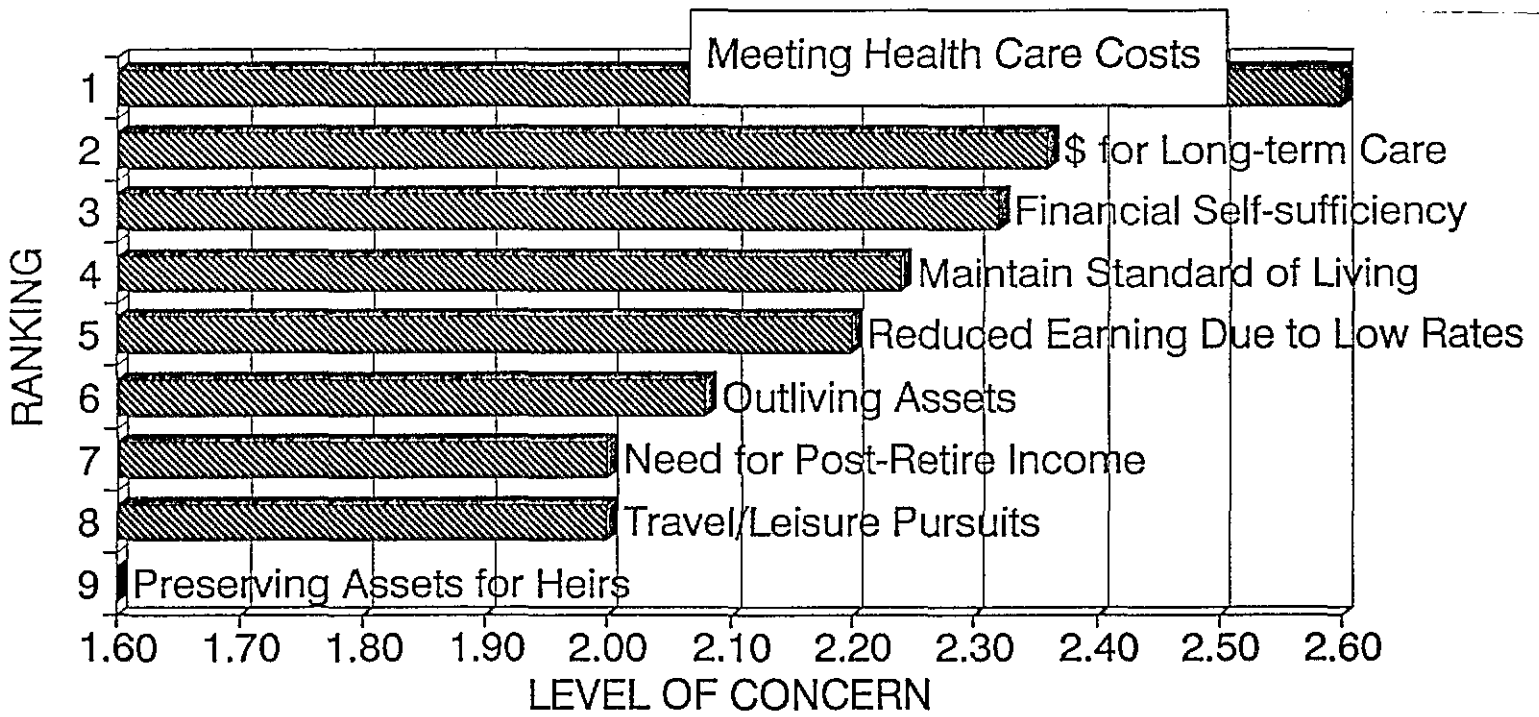
<u>25-34</u>	<u>35-44</u>	<u>45-54</u>
Investment Growth	Investment Growth	Health Care Costs
Retirement Funding	Retirement Funding	Care of Relative
Tax Burden	Tax Burden	Investment Growth
Salary Growth	Salary Growth	Retirement Funding
Home Mortgage	Managing Money	Managing Money
<u>55-64</u>	<u>65+</u>	
Health Care Costs	Health Care Costs	
Investment Growth	Care of Relative/Self	
Retirement Funding	Tax Burden	
Care of Elderly Relative/Self	Investment Growth	
Tax Burden	Home Value Fluctuation	

Breakdown of Top Five Concerns By Income

<u>< 25K</u>	<u>25-39K</u>	<u>40-59K</u>
Health Care Costs	Health Care Costs	Care of Elderly..
Retirement Funding	Funding Education	Funding Education
Care of Elderly...	Care of Elderly...	Investment Growth
Investment Growth	Retirement Funding	Retirement Funding
Tax Burden	Tax Burden	Tax Burden
<u>60-99K</u>	<u>100K+</u>	
Investment Growth	Funding Education	
Retirement Funding	Investment Growth	
Tax Burden	Tax Burden	
Managing Money	Amount of Personal Debt	
Amount of Personal Debt	Managing Money	

Profile of Top Retirement Concerns

At or near retirement, how concerned?



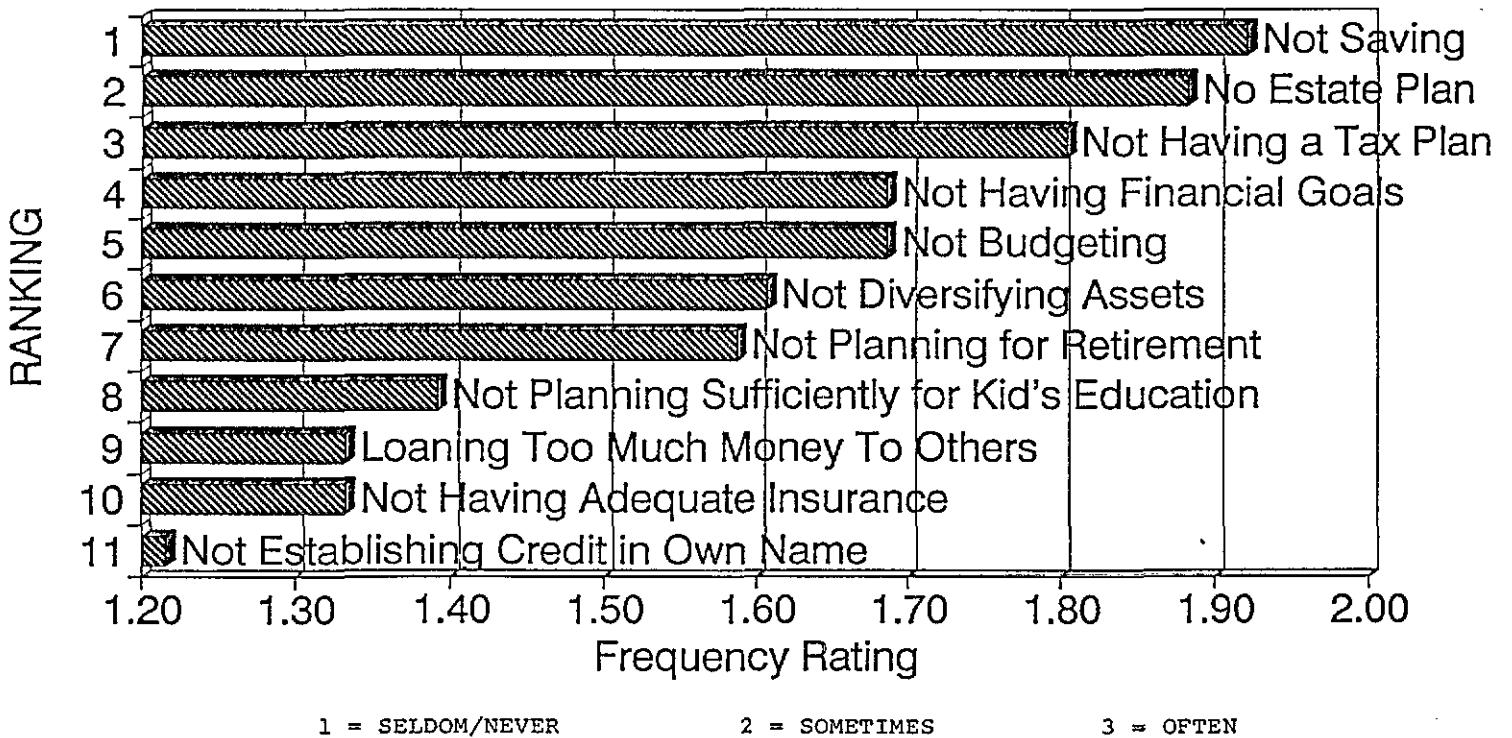
1 = NO CONCERN

2 = SOME CONCERN

3 = MUCH CONCERN

Profile of Common Financial Mistakes

How often have you made these mistakes?



Breakdown of Top Five Mistakes by Age

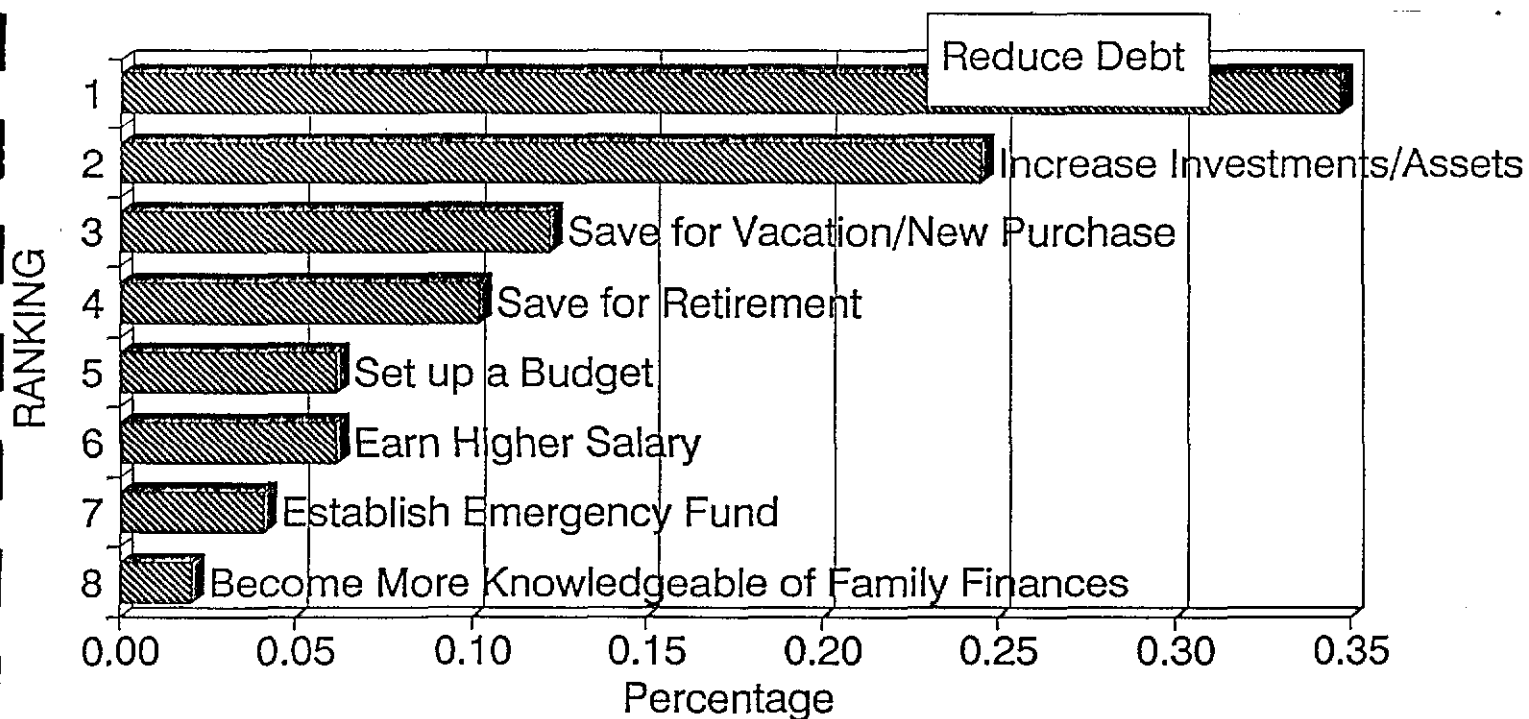
25-34	35-44	45-54
No Estate Plan	No Estate Plan	Not Saving
No Tax Plan	Not Saving	No Estate Plan
Not Saving	No Tax Plan	No Tax Plan
No Financial Goals	No Financial Goals	No Goals
Not Budgeting	Not Budgeting	Not Budgeting
55-64	65+	
Not Saving	Not Saving	
No Tax Plan	No Tax Plan	
Not Planning Retirement	Not Planning Retirement	
Not Budgeting	Not Budgeting	
No Financial Goals	No Estate Plan	

Breakdown of Top Five Mistakes By Income

<25K	25-39K	40-59K
Not Saving	Not Saving	Not Saving
No Estate Plan	No Tax Plan	No Estate Plan
Not Budgeting	Not Planning Retirement	Not Tax Plan
No Financial Goals	Not Budgeting	Not Budgeting
No Tax Plan	Not Diversifying	No Financial Goals
60-99K	100+	
No Estate Plan	No Estate Plan	
Not Planning Education	No Tax Plan	
No Financial Goals	Not Diversifying	
Not Planning Retirement	Loan Too Much to Others	
No Tax Plan	Not Enough Insurance	

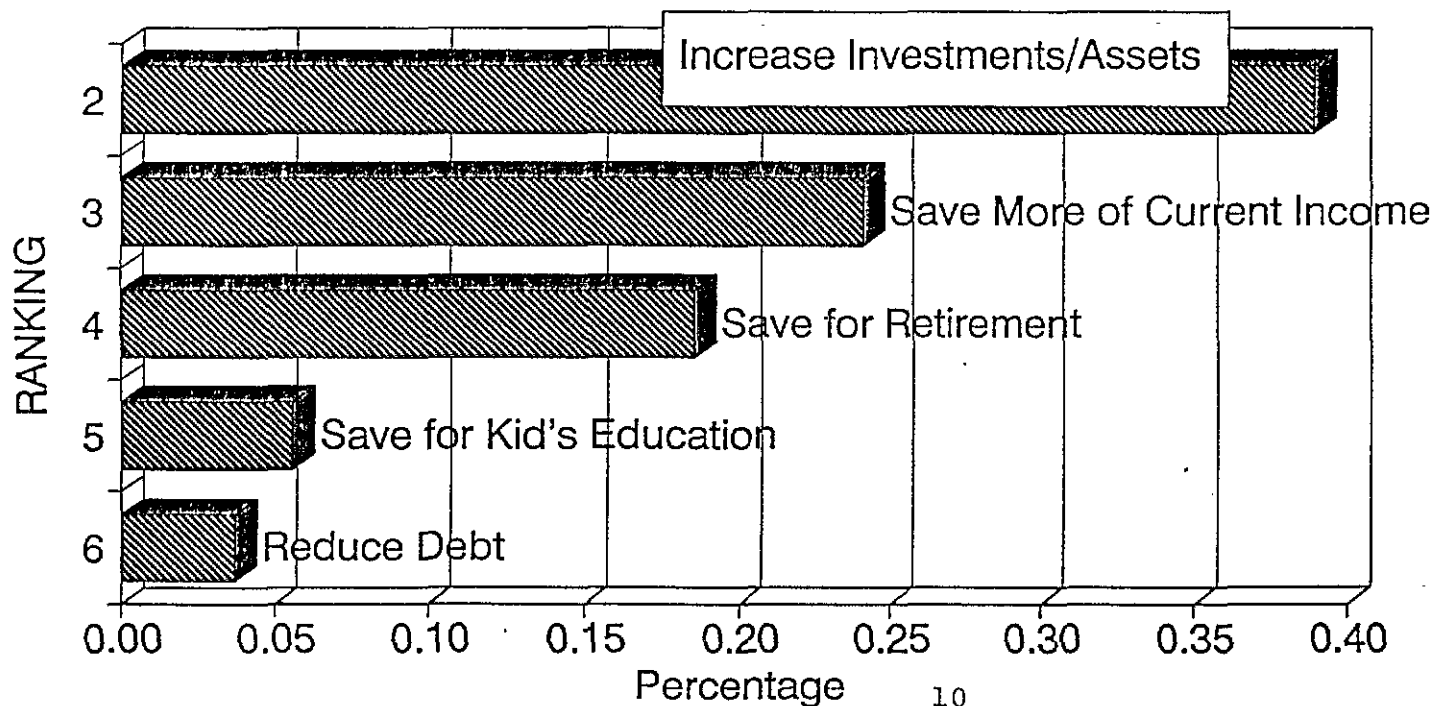
Profile of Short-Term Goals

What is your most significant ST goal?



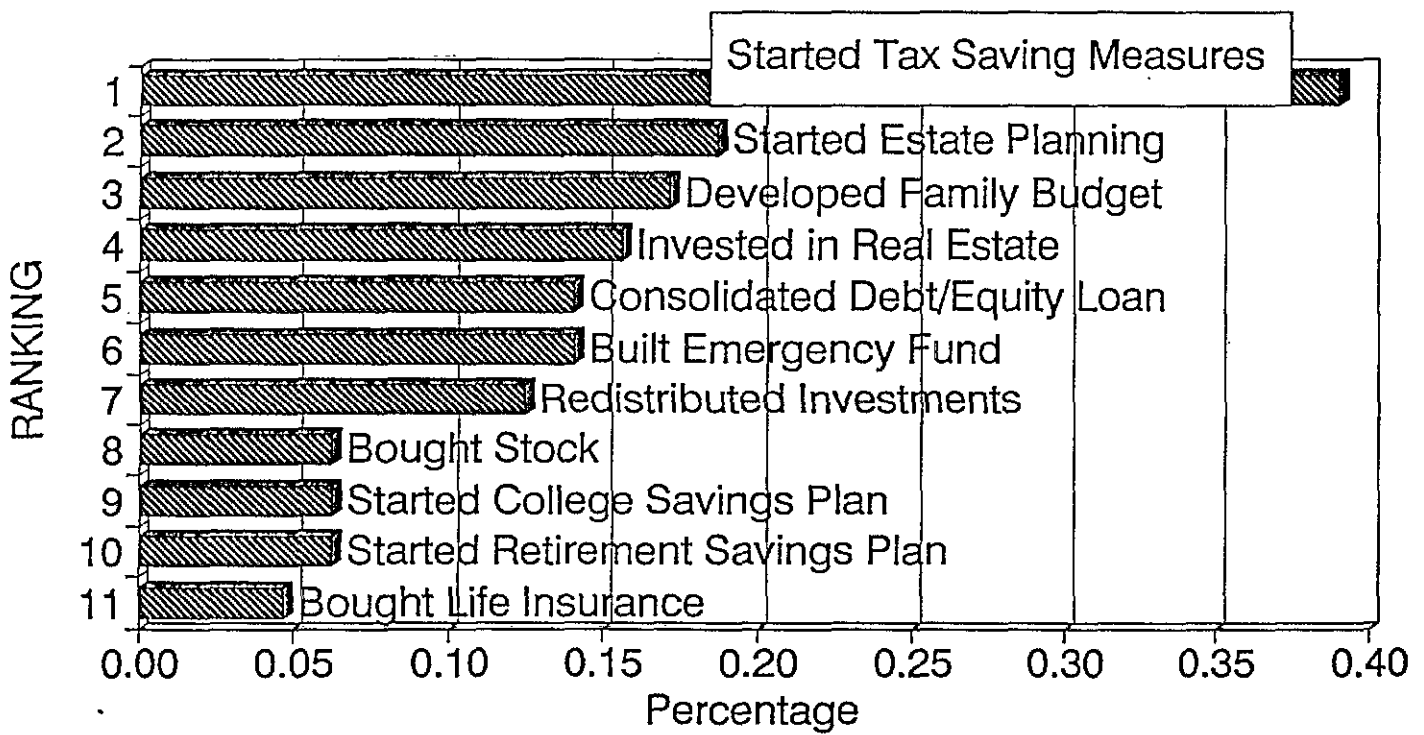
Profile of Long-Term Goals

What is your most significant LT goal?



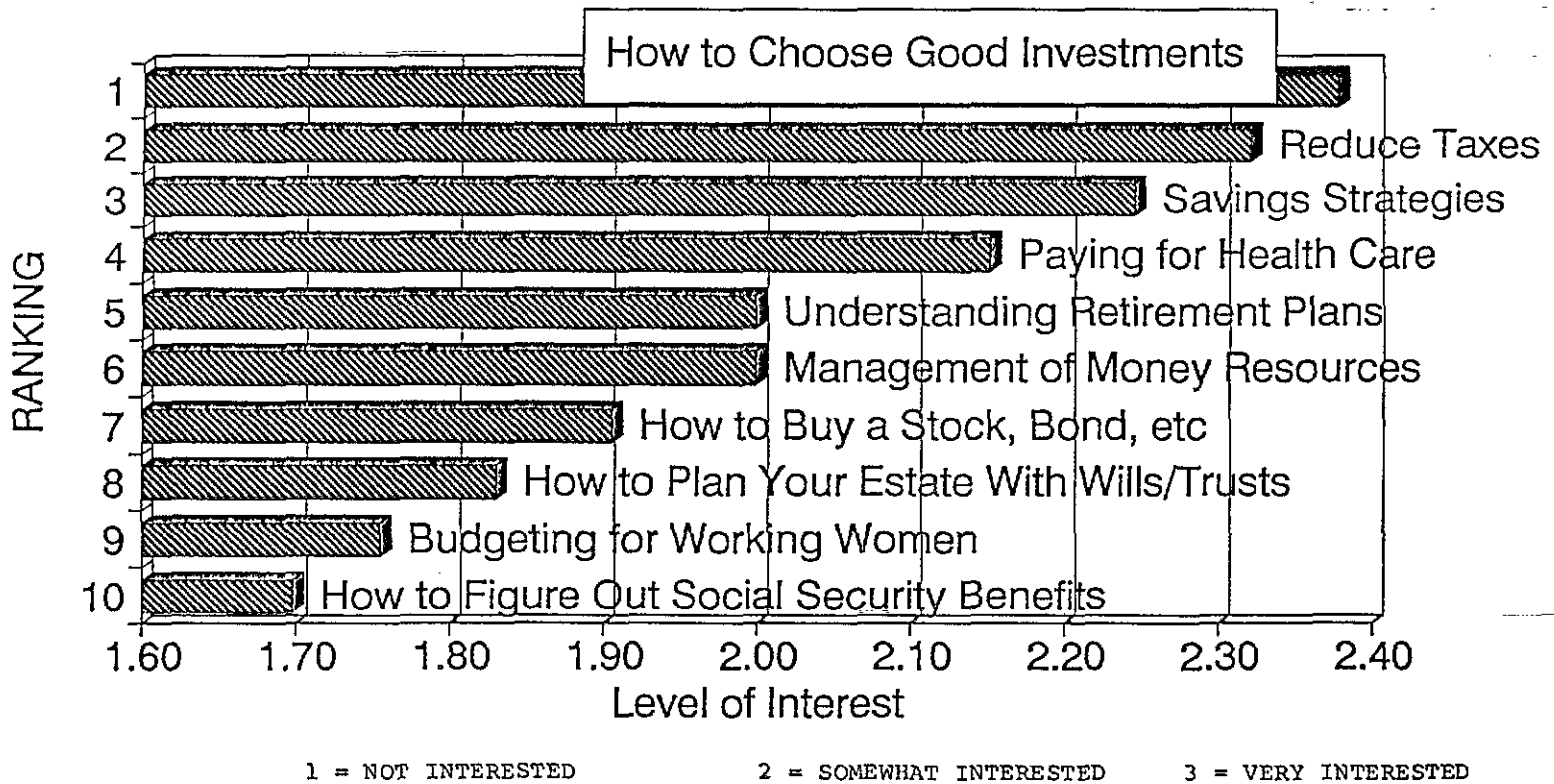
Profile of Financial Activities

Which have you acted on in past year?



Rating of Interest for Financial Info

Rate interest in attending sessions...



CONCLUSIONS

As a result of the survey data evaluation, a study of national trends, and individual research interviews, this writer has arrived at two parallel conclusions.

FIRST CONCLUSION

Women who fail to plan financially place themselves at a greater risk than those who acquire and use basic financial knowledge.

Written responses to survey question #15, "In your opinion what are the most significant financial issues confronting women today?" (see appendix B), had a high correlation to those issues raised in the introduction of this paper by attorney Anita Jones-Lee.

* Working women still, on average, earn less than men.

Less dollars to save or invest places extra importance on the thoughtfulness needed when making financial decisions.

* 8 of 10 married women will become widows.

This inescapable reality means that those women who are not actively involved in financial matters place themselves at a disadvantage during and after one of life's toughest transitions.

* Women are more likely to face the possibility of caring for elderly parents.

Becoming your "mother's mother" has many hidden costs. For many, a nursing home is not an option for both financial and emotional

reasons. Studies show that over 75% of the caretakers for elderly parents are women (Jones-Lee).

* Women are more likely to outlive their retirement income.

Are investments positioned for the "long haul"? How integrated is a employee's retirement plan in the overall financial plan? These questions are best confronted and resolved early to maximize retirement income.

SECOND CONCLUSION

Local women who desire to expand their knowledge on financial issues would attend educational sessions on topics and issues important to women.

Separate from the survey instrument itself, there was an optional information request to be sent back under separate cover. 31 women indicated that they would like more information on an educational program tentatively named "Financial Forum for Women". This program forms the cornerstone of the recommendations to follow.

RECOMMENDATIONS

Recommendation #1: Create a "Financial Forum for Women" for the purpose of organizing information sessions on financial topics important to women.

While the forum could stand alone, an ideal arrangement would be for a local women's organization to sponsor and operate the forum as a part of their program. Because no such program exists in Kosciusko County the sponsoring organization would immediately gain additional stature while providing a very useful service.

Suggested Implementation

The final shape and scope of a financial forum will be dictated by the sponsoring organization. The following is merely a guide to stimulate discussion and interest.

Implementation Steps

1. Create an advisory council to oversee the forum's yearly agenda. Establishing a council gives the program visibility and accountability.
2. Select 4-6 financial topics which have been determined to be of interest. Some topics may appeal to a narrow audience. Plan the year's schedule so that women of different ages, income levels, and educational backgrounds are served.
3. Select speakers very carefully. Information sessions should not be product "pitches". There are many fine individuals

and financial institutions in the area who could provide speakers on topics you select. Ethical speakers will look at the opportunity to address the forum as a means to convey important information and an indirect way of building the public's confidence in their institution.

4. The cost of providing the financial forum can be handled in several ways. A nominal charge could be assessed participants, the sponsoring organization may absorb the cost, or the sponsoring organization may request funding from area financial institutions. If this last option is pursued it is strongly recommended that a strict criteria be adopted. For instance, one criteria may be that participating presenters come from institutions doing a majority of business in Kosciusko County.

Recommendation #2: Create a financial counseling service for widows.

Widows may find themselves in a difficult position following the loss of a spouse. When confronted with important financial decisions some individuals may require help from someone who is literate in financial matters but does not have a product to sell. The ideal situation would be for a local social service agency to maintain a list of qualified volunteers who would agree to contribute one to two hours a month, when called upon, to be a sounding board for widows. Retired bankers, business executives, and other qualified counselors would likely be a good fit for this activity.

Recommendation # 3: Institute a High School Financial Planning Program
It is important to all of us that the young men and women people of Kosciusko County be educated about financial planning--now, before they are confronted with adult financial responsibilities.

The purpose of a High School Financial Planning Program would be: (1) to teach students about the financial planning process--what it is and what it can do for them; (2) to give students the opportunity to apply the process through exercises; and (3) to encourage students to take control of their finances right now.

This College for Financial Planning has a program designed to be taught to high school Juniors and Seniors. This program is offered on a complimentary basis to public and private high schools across the country. The students who participate in practical exercises that can be applied to their lives, such as selecting automobile insurance. The program can be taught by teams of high school teachers and financial professionals. By contributing teaching talent the business community can show leadership by working toward the betterment of our young people.

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New York: Simon and Schuster, 1988

Kosciusko Leadership Academy White Paper Project

P. O. Box 443 • Winona Lake • Indiana 46590

Dear Friend,

May I have your assistance?

The enclosed questionnaire is part of a local survey being conducted to complete a Kosciusko Leadership Academy (KLA) project.

The purpose of this KLA study is to determine the need for a new organization that could benefit women. This organization would promote programs designed to empower women to proceed more securely in handling investments, family businesses, financial planning, and a wide range of practical financial issues.

Your response is important in determining the focus of this new organization. You are one of a limited number of individuals selected to participate in this important survey. Please take a few minutes to complete the enclosed questionnaire. A postage paid reply envelope is enclosed for your convenience and timely response.

I am the only one who will analyze the individual surveys. The survey is anonymous. You will not be identified in any way and only aggregate results will be reported. If you would like further information, you may complete a separate information request (included in this packet).

Thank you in advance for your cooperation.

Sincerely,

Andrew Galvin
KLA Class of 1992
269-5676

P.S. Your help in mailing the survey back to me no later than _____
is immensely appreciated.

Survey of Financial Issues Affecting Women

Kosciusko Leadership Academy White Paper Project

This survey aims to identify significant financial issues confronting women in our community. Your help in completing this survey is greatly appreciated.

Please tell about yourself:

- | | | |
|---|---|---|
| <p>1. Your age (<i>Check only one</i>)</p> <p><input type="checkbox"/> Under 25 <input type="checkbox"/> 45-54</p> <p><input type="checkbox"/> 25-34 <input type="checkbox"/> 55-64</p> <p><input type="checkbox"/> 35-44 <input type="checkbox"/> 65 or older</p> | <p>2. Marital Status:</p> <p><input type="checkbox"/> Single</p> <p><input type="checkbox"/> Married</p> <p><input type="checkbox"/> Divorced/Separated</p> <p><input type="checkbox"/> Widow</p> | <p>3. Your family:</p> <p>Number of children _____</p> <p>Number of married children _____</p> <p>Number of grandchildren _____</p> |
|---|---|---|

- | | |
|--|---|
| <p>4. What is the highest grade of school you have completed?</p> <p><input type="checkbox"/> Less than high school graduate</p> <p><input type="checkbox"/> High School graduate</p> <p><input type="checkbox"/> Attended college</p> <p><input type="checkbox"/> Attended graduate school</p> <p><input type="checkbox"/> Received advanced degree</p> | <p>5. Which of the following categories best describe you? (<i>Check all that apply</i>)</p> <p><input type="checkbox"/> Full-time homemaker</p> <p><input type="checkbox"/> Retired</p> <p><input type="checkbox"/> Business owner</p> <p><input type="checkbox"/> Career woman</p> <p><input type="checkbox"/> Other (please specify) _____</p> |
|--|---|

6. Your family unit's annual before-tax income is:

- Less than \$25,000 25,000 - 39,000 40,000 - 59,000 60,000 - 99,000 Greater than \$100,000

7. How concerned are you about each of the following? (*Circle the appropriate number*)

	<u>CONCERN</u>		
	MUCH	SOME	LITTLE/NONE
1. Blended family/remarriage (financial issues)	3	2	1
2. Amount of personal debt	3	2	1
3. Home mortgage payment	3	2	1
4. Funding education costs	3	2	1
5. Tax burden	3	2	1
6. Home value fluctuation	3	2	1
7. Retirement funding	3	2	1
8. Investment/asset growth	3	2	1
9. Potential for job loss	3	2	1
10. Health care costs	3	2	1
11. Managing your money	3	2	1
12. Status of personal will or trust	3	2	1
13. Salary growth	3	2	1
14. Need for two incomes	3	2	1
15. Care of elderly relatives and/or self	3	2	1
16. Financing purchase of home	3	2	1
17. Windfall income	3	2	1

8. If you are now retired or are within 10 years of retirement, how concerned are you about each of the following according to its importance to you? (Circle the appropriate number)

	CONCERN		
	MUCH	SOME	NONE
1. Financial self-sufficiency independence	3	2	1
2. Outliving assets	3	2	1
3. Maintaining current standard of living	3	2	1
4. Meeting health care costs	3	2	1
5. Provisions for long-term care	3	2	1
6. Travel/leisure pursuits	3	2	1
7. Need to generate additional income after retirement	3	2	1
8. Reduced earning due to lower interest rates	2	1	
9. Preserving assets for heirs	3	2	1
10. Other (please specify) _____	3	2	1
	3	2	1

9. What percentage of your net income do you save each month? (Check ONE only)

- 0 - 4%
 5 - 9%
 10 - 14%
 15 - 19%
 20% or more

10. How often have you made the following common financial mistakes?

(Rate EACH ITEM by the appropriate number)

	OFTEN	SOMETIMES	SELDOM/NEVER
1. Not budgeting	3	2	1
2. Not saving adequately	3	2	1
3. Not having established financial goals	3	2	1
4. Not having adequate insurance	3	2	1
5. Not diversifying investments	3	2	1
6. Not having a tax plan	3	2	1
7. Not planning for retirement	3	2	1
8. Not having an estate plan	3	2	1
9. Not planning sufficiently for children's education	3	2	1
10. Not establishing credit in my own name	3	2	1
11. Loaning too much money to others	3	2	1

11. What is your most significant SHORT-TERM personal financial goal? (Check only ONE)

- | | |
|--|---|
| <input type="checkbox"/> Reduce debt | <input type="checkbox"/> Save for vacation or new purchase |
| <input type="checkbox"/> Increase investments and assets | <input type="checkbox"/> Become more knowledgeable of family finances |
| <input type="checkbox"/> Establish an emergency fund | <input type="checkbox"/> Set up a budget |
| <input type="checkbox"/> Earn higher salary | <input type="checkbox"/> Ask for a raise |
| <input type="checkbox"/> Save for retirement | <input type="checkbox"/> Other (please specify) _____ |
| <input type="checkbox"/> Save for children's education | |

12. What is your most significant LONG-TERM personal financial goal? (Check only ONE)

- | | |
|--|--|
| <input type="checkbox"/> Reduce debt | <input type="checkbox"/> Save for retirement |
| <input type="checkbox"/> Increase investments and assets | <input type="checkbox"/> Save for children's education |
| <input type="checkbox"/> Save more of current income | <input type="checkbox"/> Other (please specify) _____ |
| <input type="checkbox"/> Earn higher salary | |

13. Which of the following financial activities have you acted on in the past year?
(Check all that apply)

- | | |
|--|---|
| <input type="checkbox"/> Redistributed investments | <input type="checkbox"/> Started tax-saving measures |
| <input type="checkbox"/> Started retirement saving plan | <input type="checkbox"/> Bought stock or stock fund investments |
| <input type="checkbox"/> Started college savings plan | <input type="checkbox"/> Built emergency fund |
| <input type="checkbox"/> Consolidated debt through equity loan | <input type="checkbox"/> Invested in real estate |
| <input type="checkbox"/> Developed a family budget | <input type="checkbox"/> Started general savings plan |
| <input type="checkbox"/> Bought life insurance | <input type="checkbox"/> Other (please specify) _____ |
| <input type="checkbox"/> Started estate planning | |

14. Which professional(s) do you rely on for advice on financial matters? (Circle all that apply)

- Banker Attorney Financial Planner Insurance Agent Accountant
 Investment Broker None of the above Other (please specify) _____

15. In your opinion, what are the most significant financial issues confronting women today?

16. Please rate your interest in attending free informational meetings designed to address financial issues important to women.

	VERY INTERESTED	SOMEWHAT INTERESTED	NOT INTERESTED
Money agreements before marriage	3	2	1
Savings strategies that work	3	2	1
Budgeting for working women	3	2	1
Divorce settlements	3	2	1
Making large purchases	3	2	1
Understanding employee benefits	3	2	1
Understanding retirement plans	3	2	1
Resolving financial conflicts in family	3	2	1
Overall management of money resources	3	2	1
Budgeting on a fixed income	3	2	1
How to establish credit in your own name	3	2	1
How to reduce taxes	3	2	1
How to choose good investments	3	2	1
How to buy a stock, bond, or other financial product	3	2	1
How to figure out Social Security benefits	3	2	1
How to set up trusts	3	2	1
How to plan your estate with wills and trusts	3	2	1
Paying for health care in the 1990s	3	2	1
Financial planning for widows	3	2	1

Other topics or comments: _____

Thank you for helping me complete this project. Please enclose the completed survey in the postage paid envelope provided and mail to: KLA Survey, P.O. Box 443, Winona Lake, IN 46590. Thanks for your help!

REQUEST FOR MORE INFORMATION

(COMPLETELY OPTIONAL)

- Send information on survey results when published
- Send information on the Financial Forum for Women (the new organization mentioned in this survey)
- Send a list of books written on the subject of women and money.

Your Name _____

Address _____

City _____

State _____ Zip _____

You may elect to send this information request separately or included with your survey. If you send it separately please mail to:

KLA Survey
P.O. Box 443
Winona Lake, IN 46590

If you would like to speak to me personally about the survey or my KLA project (Financial Forum for Women), please call 219-269-5676 after 6:00 p.m. and ask for Andy Galvin.

Thanks again for your help on this project!

Written Comments

Randomly selected comments appearing on the survey instruments
Question # 15. In your opinion what are the most significant
issues confronting women today?

How to maintain financial independence without a second income.

Women need to understand that they are their own best friends when weighing financial matters. In other words, they can and should make their own decisions without needing someone else - namely a man - tell them it's OK before they act on something.

Not receiving equal pay for equal work or knowledge.

Being considered gullible in large purchases such as real estate, automobiles, etc.

Making ends meet and saving money.

Saving and investments.

Equality at the workplace.

Lower salaries, fewer promotions than male counterparts.

Lending restrictions for investment purchases.

Mainly that women are paid significantly less for the same position a man would hold!

Health care costs & insurance policies, children's education costs, rising prices.

Planning on secure future without depending on a spouse

Change Indiana divorce laws so financial ruin does not happen for most women.

Who can you trust? I independently research prior to investing.

Economic uncertainty! Tax rates changing, rules or deductibles changing. You must be prepared for the worst.

How to budget money while still saving for retirement.

Health care

Single parents (female) who own a home, car, upcoming teenagers & college

Increasing investments and assets, reducing debt
Written Comments

Surviving on a single income - getting appropriate financial advice.

Taxing of double income families.

Maintaining day-to-day budget, saving or investing money, realizing that it is important for women to understand their personal & family finances as it is for men.

Job security, increase cost of education.

Having own financial plan

I think some women do not understand how to invest their money. I am one of them and have not spent the time or effort to learn. I also feel that woman do not receive comparable pay even at the management level for their education and experience.

How to handle finances without a spouse - some women never have learned.

Elderly care of self.

Being able to handle and have knowledge of buying a home.

Adequate finances for children's education. Parents poor health and own retirement. The squeeze!

Low income rates on savings

Establishing credit in your own name. Financial institutions taking you serious.

Going from two incomes to a single income and SS income.

It costs just so much to get by.

Managing financial affairs after husband's death

Most women don't have confidence and as a result are fearful of learning about financial issues.

Written Comments

Randomly selected comments appearing on the survey instruments

As a professional woman, I am comfortable with my ability to handle my own financial affairs! I am somewhat offended by the insinuation in your survey that women are somehow less capable than men of making sound financial decisions. I feel it is more of an educational issue for both sexes. Environment and family financial histories are also key factors. Those individuals in most need of financial assistance are "blue-collar" with high school or less education. These people are struggling to make ends in today's economy. Somehow I doubt that is what you want to hear. This survey appears to be a sham for a "sales pitch" & should be an embarrassment to a fine organization such as KLA. While KLA classes should serve as an opportunity for you to network with class members, alumni & community and business leaders - white papers should depict a real problem or need of the community and address ways to improve it.

I sincerely hope that my observations are wrong and as a result of your white paper free financial planning assistance is provided to those individuals who truly need it without any "sales pitch".

Work related issues facing women today. How to be a team player without giving in too much.