

Finances and the Single Woman

Ready to take on the World



Single, separated, divorced or widowed. Fifty years ago, if you saw an independent, self-supporting, successful woman, it was probably on television.

That was then.

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It used to be that a woman on her own was either destined for marriage or separated, divorced or widowed. Older women without partners were commonly seen as loving grandmothers helping the extended family. If you saw an independent, self-supporting, successful woman, it was probably on television. That was then.

Today there are approximately 6.1 million single women in Canada — never married, separated, divorced and widowed who face the same challenges as men or their married counterparts: getting ahead in their career, raising a family and enjoying life.¹

But as supergirls step up and become superwomen, they face unique challenges, not the least of which is maintaining their financial independence and challenging society's ideas about what single women are all about.

In this series, we will discuss these challenges and opportunities in each stage of a woman's life, ***Ready to Take on The World, Unleash Your Super Powers***, and ***Still Super After All These Years***. And we'll offer guidelines and tips about what women can expect to encounter at each stage. These include gaps in pay equity, raising children single-handedly and gaining confidence in their financial acumen. As well, statistically, women live longer than men — and therefore have to finance that longevity.

Laima Alberings, Tax and Estate Planner with TD Wealth, says women are enthusiastic about setting their own rules and defining their own independent lifestyle. She offers a few guidelines and tips for single women in each stage of their lives to help build a secure financial future.

Young and Newly Graduated

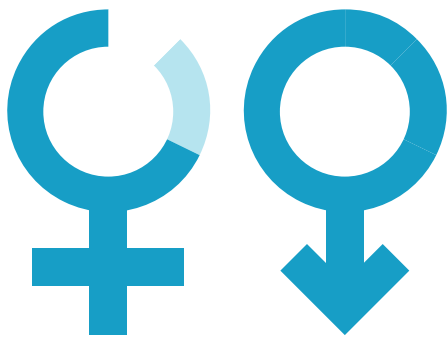
Young women out of school face a myriad of financial questions, all of which hang on challenges surrounding snagging that first job,

42%

*Of adult children under age 29 are still living with their parents or have moved back in.*²

dealing with student debt and looking to have money for a little savings and a little fun. Young women will also be moving out and on with their lives but could well move back in with their parents should the need arise.

There's rarely a straight line from school to a job. Women may take a year off to travel or work, restart their education with a new career intention, or return to school for a post-graduate degree. Early years may also include



The average woman earns between 13 to 33.3 cents less than every dollar a man earns in similar jobs.³

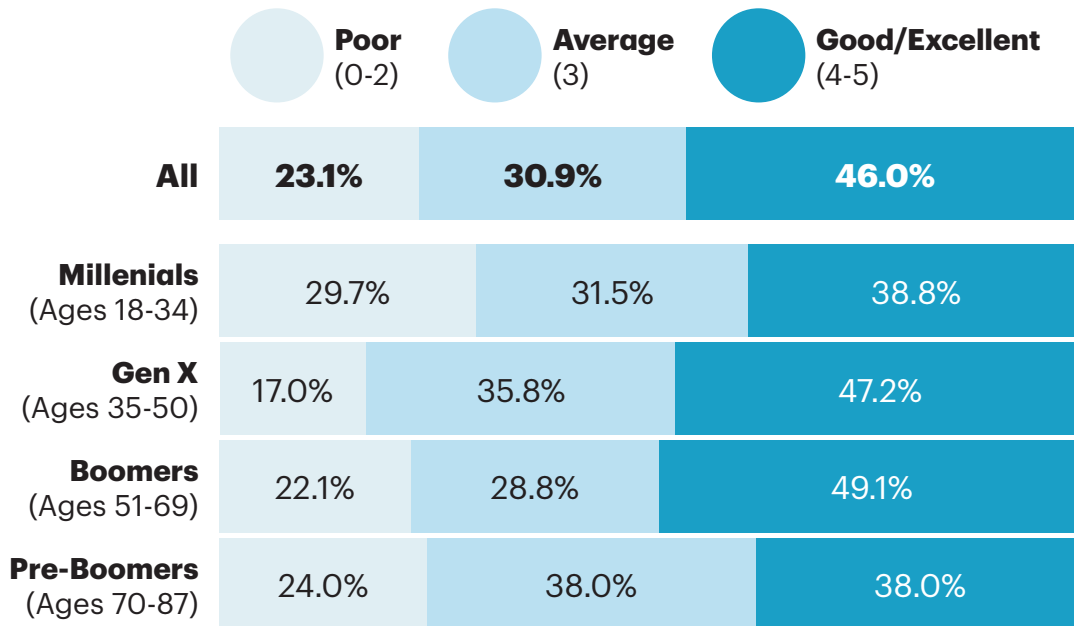
STATISTICS CANADA

dealing with an interruption or two in employment, getting started on a family or opting to freeze your eggs, a costly but increasingly popular way of family-planning.⁴

Unfortunately, the jump to becoming a successful member of the work force is also not always smooth. Our economy is still growing slowly and employment among young people has always lagged behind older, more experienced workers.⁵ Moreover, the high house prices in Canada's urban centres have made it tough for home buyers and renters. Statistics say 42 per cent of adult children under age 29, the boomerang generation, are still living with their parents or have moved back in.⁶ One in four older Canadians say they continue to financially help out their adult children.⁷

Alberings says that if this is the case, you shouldn't panic. Kids not leaving the nest until they are ready is traditional for some families and it gives a young woman the opportunity to save money. As long as you are contributing what you can to the overall household, women shouldn't feel they're inadequate or overstaying their parents' hospitality.

Financial Literacy Quiz
Female Results Across Demographics



In 2017, TD Bank and the Rotman School of Management at the University of Toronto surveyed 1,600 Canadians online to learn more about their investment behaviours, and test their financial literacy. 800 women were surveyed.

Big goals like saving for retirement or smaller goals like getting out of your parents' basement all take smart and disciplined financial planning.

Yet only 31 per cent of Canadian women have a financial plan and, moreover, many women are not confident about their financial literacy, despite the fact that they influence close to \$1.3 trillion in the economy.⁹

Get Planning

Alberings, herself a single woman who has built a financially independent life for herself as a Tax and Estate Planner, says in her experience, many women are overly conservative when it comes to taking moderate risks to gain better returns. While being a conservative investor is its own virtue — and studies show women are more conservative than men — long-term growth of investments also need exposure to manageable risks, especially when you have time on your side in your youth.¹⁰ Alberings says a manageable

amount of debt is acceptable when you are getting student loan financing or buying a car or a home. Moreover, holding debt and investing in mutual funds or equities, especially in your younger years, allows you to manage the ups and downs of the market because you have a long timeline ahead of you.

“I think that’s what young women have to learn, is to be comfortable with debt,” Alberings says. Everyone should speak with a financial professional who can help determine what may be a reasonable amount of debt and propose strategies to manage it.

There are numerous financial pressures and conflicting priorities everyone feels when they are a young adult. And it is difficult to look far into the future when you are just starting out. But along with dealing with debt and saving for large purchases, young women should give some thought to saving and being financially independent for the long term.

“When I turn my mind to savings, I think about the fact I have to save for my entire life, and for my entire future Singles should probably save more than women who are part of a couple,” Alberings says.

“I’m saving 20% more than I should be saving, just because I want to make sure that if anything goes wrong, I have a really healthy nest egg. Because I can only count on one salary and if something happens to that one salary, I would be in a really bad position,” Alberings says.

Jumping the Gap

The gender pay gap is a real issue that many women face in the workplace. According to Statistics Canada, the average woman earns between 13 to 33.3 cents less than every dollar a man earns in similar jobs.¹¹

Alberings says better negotiations skills for women are key to tilting the pay inequality to their favour. She says if women can’t negotiate the same

How to Boost your Negotiation Skills

Prof. Geoffrey Leonardelli, Academic Director of the Strategic Negotiations Program at Rotman, suggests that having a winner-take-all attitude going into any negotiations may result in failure if strict goals are not met. He says viewing negotiations with more flexibility and allowing yourself to create and capture opportunities may allow you to succeed. Here are some keys to success:¹²

Create Opportunity: Going into negotiations to prevent a negative outcome may not lead to success. Allowing the flexibility to take advantage of pertinent opportunities on both sides of the table may be more successful.

Flexibility: Don't focus on what you have to win or what your counterpart has to lose. Focus on the best outcome you can identify and work with your counterpart toward that.

Problem Solve: Leonardelli's research suggests creatively seeking to find solutions to problems and initiating an offer first can result in more positive outcomes.

wages as men from the get-go, that leaves them behind the eight ball at the beginning of their careers and it's hard to make up that gap.

Geoffrey Leonardelli, Associate Professor at the University of Toronto's Rotman School of Management and Department of Psychology, and Academic Director of Rotman's Strategic Negotiations Program, says studies have shown that women negotiate less than men do, but that this difference is small, and is reduced once they gain negotiation experience, know their counterpart's point of acceptance, or, interestingly enough, were negotiating on someone else's behalf.

Offer and Counter-Offer

Leonardelli says evidence indicates that gender differences point more to a greater reluctance of women to be assertive, such as initiating a wage negotiation, for fear of being negatively evaluated.

He says anyone, not just women, may become better negotiators through formal experience, training and researching, in the case of salary, just what your value is in the market. He also offers a unique perspective (left)

on how being flexible about your goals instead of winning at all costs can be a more effective strategy.

Apart from salary, there are still instances when men and women are not treated the same way in business or commerce. Some may view young women as easy marks. Alberings recalls being dissatisfied with contractors who could never seem to finish a job. She walked away from a car salesman after enduring a condescending attitude and poor service. Was she being treated differently because she didn't have a man at her side?

Underestimating a woman's confidence, knowledge and ability may be something all women have dealt with at some point in life. Her colleague Barb recalls an incident when she declined add-on charges and services for her car during routine service because she didn't feel the additional services were warranted. To her surprise, a mechanic who witnessed this transaction came over to her and casually told her, "Good for you," and that she was right to refuse the 'extras.'

Alberings advises young women to do their homework and prepare themselves in advance when making a major purchase. She also says they should always have a bottom line and not be afraid to walk away if they don't get the deal that they want.

"Research is key. The more you are armed with information, the less likely you'll feel that you are being taken advantage of," Alberings says.

Bottom Line

Starting out in your adult life as a single woman may come with some challenges. But armed with support from family, friends and financial professionals, women can build a plan and skills to move forward confidently in the world and win on their own terms.

— *Don Sutton, MoneyTalk Life*

¹Population by sex and age group, 2016, Statistics Canada, Nov. 2, 2016, accessed September 28, 2016, statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/demo10a-eng.htm.

Population by marital status and sex, 2016, Statistics Canada, Nov. 2, 2016, accessed April 24, 2016, statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil01-eng.htm.

²Living arrangements of young adults aged 20 to 29
http://www12.statcan.gc.ca/census-recensement/2011/as-sa/98-312-x/98-312-x2011003_3-eng.cfm

³The Facts About The Gender Wage Gap In Canada, Canadian Women's Foundation, accessed Mar. 20, 2017, canadianwomen.org/facts-about-the-gender-wage-gap-in-canada.

⁴Charlotte Alter, et al, What You Really Need to Know About Egg Freezing, TIME, June 16, 2015, accessed May 15, 2017, time.com/3959487/egg-freezing-need-to-know/

⁵Young And Restless: A Look At The State Of Youth Employment In Canada, TD Economics, Sepcial Report, Dec. 10, 2014, accessed June 6, 2017, www.td.com/document/PDF/economics/special/YoungAndRestless.pdf.

⁶The Facts About The Gender Wage Gap In Canada, Ibid.

⁷Deja-Boom: Boomerang Kids Collide with Retirement Goals of Boomer Parents, TD Bank, Jan. 18, 2017, accessed June 6, 2017, td.mediaroom.com/2017-01-18-D-j-Boom-boomerang-kids-collide-with-retirement-goals-of-boomer-parents

⁸Media Release, Fact and Fiction: The Truth about Women and Investing, TD Bank, Nov. 16, 2011, accessed April 26, 2017, td.mediaroom.com/index.php?s=19518&item=85095

⁹Ibid.

¹⁰Mary Gooderham, Men are from Mars, women make better investors, The Globe and Mail, Oct. 16, 2015, accessed April 24, 2016, theglobeandmail.com/globe-investor/men-are-from-mars-women-make-better-investors/article26826221/.

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¹¹The Facts About The Gender Wage Gap In Canada, Ibid.

¹²Geoffrey Leonardelli, The Prospecting Negotiator, Rotman School of Management, University of Toronto, accessed April 24, 2017, www.rotman.utoronto.ca/ProfessionalDevelopment/Executive-Programs/LandingPages/The-Prospecting-Negotiator.

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