

Our Money, Ourselves: 5 Keys to Financial Strength

By *Elizabeth Cox*

Divorced mothers often confront steep financial challenges. Faced with the loss of an ex's income combined with the responsibility of raising children and the cost of maintaining separate households, mothers frequently suffer financial hardship after divorce. Indeed, most mothers experience a large drop in their standard of living whereas fathers frequently see an improvement.

One reason for this is that mothers often seek out careers that offer work/life balance so that they can maintain a flexible enough work schedule to accommodate their children's needs. Such careers generally pay less and don't come with benefits associated with fulltime employment, such as healthcare and employer sponsored retirement plans. No wonder women on average depend more heavily on Social Security in their senior years and end up poorer in retirement than men. In the long run, it may be beneficial for women to team together and advocate for a decoupling of healthcare and retirement benefits from employer sponsorship.

The challenge for mothers is to try to accumulate savings when there are so many demands on our time and money. For many, this starts with the recognition that there is no one else to do this for us. Just as we learn from a young age to look after our bodies through hygiene, diet and exercise, we need to learn how to take care of our finances. After all, it's up to each of us individually to look after our money, ourselves.

So here are five keys for mothers to develop financial strength:

1) Set financial goals

It's hard to muster the will to save if you don't know what for. So whether your financial goals are short-term, like saving for vacation or summer camp for your kid, to longer term like college or retirement, it can be empowering to define your objectives.

2) Pay yourself first

Goals don't have to be about other people. For example, you might want to go back to school yourself for a professional qualification or you might have a dream business that you'd like to make a reality one day. Consider setting up an automatic savings or investment account that you pay into regularly. Think of yourself as another utility bill or SUV that needs its tank filled every pay period.

3) 4 A's (Assess, account, analyze, adjust)

A key to financial success is to spend less than you bring in. So if increasing your income is not an option, it is especially important to see if there are expenses in your daily life that you can reduce or eliminate. Again, it's all about priorities.

4) Manage debt

Finance charges on debt (from credit cards to car loans to mortgages) can act like an insidious tax that may derail the best of savings intentions. It is important to come up with a strategy to ensure your debt load is manageable.

5) Start saving now for retirement

Women face the following retirement challenge. On average, women earn less than men and take off more time from the workforce, often to care for a child or elderly person. As a result, because retirement plans are often based on wages and years in service, women receive lower income at retirement. This happens despite the fact that women outlive men by an average of eight years and thus require more income. So it's never too soon to start saving for your senior years.

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Elizabeth brings to her practice a deep commitment to helping clients achieve financial independence and peace of mind throughout the divorce process and other life transitions

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