

Financial Planning For A Single, Employed Woman With No Liabilities

A single, employed woman with little or no liabilities might seem like she has no money worries. However, she still has to plan out her life, monetarily speaking. Financial Planners need to keep a few things in mind when handling the finances of such a client.



Nita Menezes, CFP^{CM}

Sheela is a busy professional in her late 40s. She works as a Chief Marketing Officer in one of the leading logistic firms in India. She is however single and lives with her aged parents in Mumbai who receive a good amount of pension and so are not dependant on her financially. She has two sisters whose two children she dotes on and wants to contribute towards their education.

Being single and having no dependents, Sheela leads a relatively carefree life. She has a very demanding and responsible role at work. She is an avid reader and loves adventure sports. One of Sheela's major concerns is that she quickly spends her disposable income every month. She is left wondering if she can save enough for her retirement. She wants to save some money regularly but at the same time enjoy it as well. As a single woman professional, she is looking at investing as a way to be financially independent and take control of her money and her life. She wanted to be responsible for herself, regardless of circumstances and ensure that she has the necessary resources for it.

She wanted to build her financial education and, most importantly, her wealth. Returns were important, but so was long-term planning based on real, tangible goals, such as, going on a long vacation, retiring at a certain age, being there for her parents and supporting the education of her nieces.

As is the norm Sheela is being hounded by all kinds of relationship managers connected to her salary accounts including insurance advisors who are trying to sell her different products. Whilst having a chat over coffee with a colleague, she realized that it was high time that she engaged a Financial Planner, who would give her professional, expert advice. This is where her search for a good financial advisor began. She wanted to meet a couple of them before she could settle on the one to whom she could entrust her hard earned savings.

Her experiences with three financial advisors are interesting.

Advisor #1

The first advisor she met was a financial service representative from one of the top financial institutions. According to Sheela,

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he started talking down to her as if she were unable to understand more than just the basics. He did not make eye-contact. He bragged about his firm, his software and his achievements and started throwing a few famous names around, to impress her. He went on to say how rich he was going to make her. She tried to share some personal information but he showed no interest and just kept on talking. He assumed she was totally ignorant, which annoyed her. She said “My knowledge about finance is limited, that’s the reason why I was looking at hiring an advisor; but assuming that I am ignorant is one thing that puts me off.”

Advisor #2

The second advisor was a senior executive from a leading broking firm who was in his early 60s. According to Sheela, he was more concerned about why she was single, rather than about her finance. She shared “...he just could not get it, when I told him that it was my personal choice to lead my life alone. He kept advising me that I should not remain single. I felt he just did not want to listen to me. He was just out to father me. For God’s sake....I need a Financial Advisor and not someone telling me how I should lead my life ...”

She said that the least she wanted in an advisor was someone whom she could connect to, who could give her a patient hearing, who would treat her with respect and who would appreciate her views. “Not someone who was trying to patronize me or trying to brag about his achievements.”

Advisor #3

Fortunately for Sheela, advisor number three not only made eye-contact, but focused his entire presentation on her needs and goals. He did not try to impress her, force his views or annoy her with his unwarranted free advice.

Sheela said, “When I walked into his office, I realized he was a real professional. He made me comfortable and then went on to ask pertinent and critical questions. He enquired into my financial and life needs. He was very attentive and listened to all my concerns and replies and treated all my questions as very intelligent ones. He really impressed me by making me dwell on questions like what

made me happy and what was my purpose in life.”

The fact is that Financial Planning has traditionally been viewed as a male dominated area. A single woman in her 20s, a divorcee or a woman who is single with kids – it is automatically assumed that such a person has no idea about finances and has no one to guide her. Advisors treat single women as clueless and that’s the sad part.

Single, Employed Women Present a Huge Opportunity

More than a decade ago, women were not much on the investment radar, but it is not so at present. Today, women are asserting themselves economically and present an untapped opportunity for the financial advisory community. Also, a lot of women who have gone through a separation or divorce have received money which needs to be managed efficiently and they are looking out for a good financial advisor.

According to an article by Michael J. Silverstein and Kate Sayre, on Female Economy published in the Harvard Business Review in which they had conducted a survey, the financial services industry wins a prize as the industry least sympathetic to women—and one in which companies stand to gain the most if they can change their approach.

Women definitely are a niche market for financial advisors looking to grow their business. Imagine – half the world’s population just waiting to be addressed!

It is a fact though, that Men are from Mars and Women are from Venus. Our bodies and minds are literally wired and designed to operate on different frequencies. Definitely, there is a difference in the way women look at investing as compared to men. David Bach, author of ‘Smart Women Finish Rich’ has built a thriving business in less than five years with a client base that is about 80% women.

These are a few of the important things that you need to keep in mind while advising a single woman:

- **Track Expenses and Cash flows** – As an advisor you need to get her to track her expenses and jot down cash flows,

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both mandatory and voluntary. Once she decides on the expenses that are important, you need to guide her to cut down on those that do not add value to her final goals.

- **Prepare a Savings Budget** - The advisor then needs to assist her to build a prudent savings budget and explain the magic of compounding.
- **Contingency Planning/Emergency Funding** – As a thumb rule it is important for every individual to save at least four to six times of his income. Also, it has been observed that for women the time taken to look out for a new job in case of layoffs is around nine months or so. Hence, as a Financial Planner it is recommended that a single woman is better off if she can set aside at least nine months worth expenses which can take care of her needs in case of an emergency.
- **Health Insurance** - A single and independent woman needs to ensure that she has adequate health and critical insurance cover in place. The advisor needs to analyze all the insurance policies she already has and recommend adequate health and disability cover, since, being single, she would need this in case of any unexpected illness etc.
- **Buying a House/Staying on Rent** – As an advisor, you need to be aware of the issues faced by single women when it comes to either buying a house or investing in real estate or staying on rent and then make necessary provisions for it in her plan.
- **Retirement Planning** - Saving for retirement is even more important for a single woman and so it needs to be on her priority list. Statistics prove that women have longer life spans as compared to men and so they need to plan their retirement kitty well in advance.
- **Estate Planning** – The advisor needs to guide her to prepare a Will clearly stating who she wants her estate to be handed over to, after her death. In this she can plan in advance for the

efficient disposition of her assets upon her death. Additionally, good plans also provide for the administration and protection of her assets should she become disabled or incapacitated during her lifetime.

- **Digital Will** - Not just physical assets but Digital Assets too can be protected today. Google has a tool called the “Inactive Account Manager” that lets you tell Google what you want done with your data hosted on its network after you die or stop using your account for a long period of time. This can be an Automated Will for your digital assets and you can decide who you would like to give access to your photos, emails, documents, YouTube videos, etc.

There is an approaching tidal wave of women looking for a new way to be serviced by the financial services industry – understanding, coaching, planning and building a trusted relationship with her, along with comprehensive wealth management expertise. A right advisor, with a right written financial strategy for meeting her needs and goals, is the key to a successful relationship. The best financial wealth plans are flexible, living documents, which are reviewed often so that life can happen along the way.

Thus, Financial Advisors need to look at this niche clientele “WOMEN” and see what motivates them. Recent statistics show that whether unmarried, divorced, separated or widowed, single women now constitute 21% of India’s female population. Their spending power has even caught the attention of all kinds of businesses, which includes the travel industry, the food & beverages sector, the jewellery industry, etc.

Thus Financial Planners need to tap into the Affluent Single Women’s Market which is a gold mine of opportunity for those who develop a pragmatic approach and serve women with the right mix of expertise in technical skills and emotions.

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