Planning Conversations

- Mary Fairchild
- Katie Fischer Ziegler
What is the Financial Status of American Women?

Perception vs. Reality
Program Promo

“Learn about the Network’s new Financial Stability initiative.”
Perception

Financial Stability

Birth

Death
Reality: Financial Instability

Birth

Death
Google Search Hits

- Financial Security
  - 3,670,000

- Financial Stability
  - 3,370,000
Network decision....

- Women to achieve.....
  - Financial Security???
  - Financial Stability???

..in line with their values & goals
Mary & Katie’s Request

- Lively
- Interesting
- Exciting
Financial Statistics

- Boring!!!!!
- Yawn!!!!
- ZZZZZZZZZZZ!!!
Women’s Legislative Network

Financial Team Challenge
Rewards

Valuable prizes to the winning team !!!
Step 1:

- Form Teams
  - By Tables
  - 4 - 7 Members
Step 2:

- Introduce Yourself
- Decide on Team Name
2 minutes
Step 3: Prepare to share

- Write Big
  - Team Name
  - Team Answer

Financial Wizards
5%
Step 4: Stand up, Share Team Answer With Whole Group
References

1. PowerPoint Presentation
2. WORD with hyperlinks

www.ncsl.org/programs/wln
Click on Summary of Events at the 2008 Legislative Summit
Practice Question

What is the life expectancy *(in years)* of American Women?
Life Expectancy

- **Women** = 80.4 yrs
- **Men** = 75.2 yrs

Life Expectancy

Women

- High blood pressure
- Obesity
- Smoking
- Cancer
Women (36%) are more likely than men (28%) to feel it is very likely that they will live to be at least 85.
Perception

“100 years! No way! I won’t live that long.”

“Well, my aunts all lived to be in their 90s. Maybe I will too.”
Reality

Financial Gerontologists

Women need to prepare financially for 30 years of “retirement”
Indicators

Financial Security of American Women & Their Families
Indicators

- Income & Wages
- Multiple Jobs
- Poverty Rate
- Health Insurance
- Bankruptcies
- Foreclosures
- Retirement Savings
- Credit Card Debt
Perception

- Indicators (*Data*) are used for public policy decision making...
Reality

Challenges of Data

- “Time to read it all”
- “Sources”
- “Timing Lag”
Indicators

Income & Wages
Team Question

What were the median earnings for women in 2006?
Median earnings - 2006

77% earnings of men

$42,210 Men

$32,649 Women

$ 9,561 Difference

Income, Earnings, & Poverty Data: US Census Bureau
Social Security

- Receive benefits as retired worker
  - 80% men
  - 40% women
Unmarried Women

- 30% of those 65 & older rely *solely* on Social Security
- 43.4% rely on SS for 90% or more of income
For Women

- Social Security Information for Women Web site
  www.socialsecurity.gov/women/
Team Question

What was the per capita income in 2007?
Per Capita Income

- $38,611
- Grew by 5.2% in 2007
- Down from 5.6% in 2006
National $38,611

State ranking????

- Montana $32,458
- 84% of National
- 41st
Lowest per capita income
National: $38,611

- Mississippi       $28,845    75%
- West Virginia     $29,549    76%
- Arkansas          $30,060    78%
- S. Carolina       $31,013    80%
- Kentucky/Utah/Idaho  81%
- New Mexico        $32,509    82%
Family situation

Line 1 is our *family expenses*,
Line 2 is our *family income*,
Line 3 is the difference & that’s the *fix* we’re in.
Financial choices

1. Income
2. Outgo
3. Combination
Multiple Job Holders 2006

5.2%

26 states from 2005
Team Question

What state has the highest % of multiple (second & third) job holders?
States with most multiple job holders

- Nebraska / S. Dakota  9.9%
- Wyoming / Vermont  9.3%
- Alaska  9.0%
- Iowa  8.9%
- Minnesota  8.7%
U.S. Poverty Rate

- 2006
- 12.3% all ages
- 36,500,000 people
U.S. Poverty Rate

Gender Diff
- Female 28.3%
- Male 13.2%
Comparison

- Poverty rate in 2006 was lower than in 1959, first year for which poverty estimates are available
Team Question

What was the poverty threshold ($$$) for one person under age 65 in 2007?
2007 Poverty Threshold

- One person under 65
  - $10,787

www.census.gov/hhes/www/poverty/threshld/thresh07.htm
2007 Poverty Threshold

Family of 4

$21,386

www.census.gov/hhes/www/poverty/threshld/thresh07.htm
Perception

- There are more older people in poverty than any other group!!!!!!
Reality

- Under 18: 17.4%
- 18 to 64: 10.8%
- 65 & older: 9.4%
Indicator

Health Insurance
Health Insurance Coverage

- 2006
  - 15.8% uninsured
    - 47 million people, up from 44.8 million in 2005
Team Question

- What % of women under 65 do not have health insurance?
% Without Health Insurance

- Men: 18.9%
- Women: 15.2%
- Overall: 14.8%
Medical Expenses

• How many of you had medical expenses last year that were not covered by health insurance policy?
State Statutes

• How many of your legislatures have provided for state Medical Care Savings Accounts?
Montana

Medical Care Savings Accounts
MSA Contribution Amounts: *Maximum*

- $3,000 for each taxpayer
- $6,000 married couple
MSA Contributions

• Not subject to Montana income tax
• Taxes saved depend on tax bracket
Montana Tax Savings

- 6.9% bracket (2007)
  - Taxable income more than $14,900
  - $3,000 x .069 = $207
- Tax savings with MSA
Indicator

Bankruptcies
Bankruptcies 2007

- Personal

822,590

www.abiworld.org
Team Question

What % of personal bankruptcies were Chapter 7 (straight) vs. Chapter 13 (wage earner plan) in 2007?

American Bankruptcy Institute
Bankruptcies

- Chapter 7: 60.9%
  - 500,613

- Chapter 13: 39.1%
  - 321,359
Foreclosures 2007

- 2,203,295 filings
- Up 75% from 2006

www.realtytrac.com
Team Question

Which state had the nation’s highest foreclosure rate in 2007?
Highest Foreclosures

- Nevada 3.376%
- Florida 2.002%
- Michigan 1.947%
- California 1.921%

www.realtytrac.com
Indicator

Credit Card Debt Load
“But Roger, everyone spends more than he earns. That’s what America is for.”
Student credit cards

- Undergraduates
  - Credit Card balance: $2,169
  - 76% began school year with credit cards

Nellie Mae Corporation 2005
Student Debt 2004

- 62% of graduates from public universities had student loans with an average of $17,250

Trends in Student Aid, The College Board, 2005
# Importance of Education

<table>
<thead>
<tr>
<th>Educational Level for Americans, 25+ years</th>
<th>Median Income ($2006)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 9\textsuperscript{th} grade</td>
<td>$20,901</td>
</tr>
<tr>
<td>9\textsuperscript{th} to 12\textsuperscript{th} grade, no HS diploma</td>
<td>$25,912</td>
</tr>
<tr>
<td>High School Diploma</td>
<td>$39,426</td>
</tr>
<tr>
<td>Some college, No degree</td>
<td>$49,691</td>
</tr>
<tr>
<td>College Graduate</td>
<td>$81,723</td>
</tr>
<tr>
<td>MS Degree</td>
<td>$88,422</td>
</tr>
<tr>
<td>Professional Degree</td>
<td>$100,000</td>
</tr>
</tbody>
</table>

Trends in Student Aid, The College Board, 2005
Senior Citizen Debt

- Average Credit Card Debt
- $4,041

Survey of Consumer Finances
Team Question

What is the average credit card debt of Americans?
Credit Card Debt 2007

Average $9,900

www.cardtrak.com
Monthly Carryover

- 61% carryover credit card debt each month

www.cardtrak.com
Credit Card Debt

13% carryover more than $25,000 each month

www.cardtrak.com
Credit Card Debt

What if make 3% minimum payment every month?

$10,000
Credit Smarts Calculator

$10,000 example

- Total paid?
- Interest paid?
- Years to pay off?
Credit Smarts Calculator

$10,000 example

- Total paid $19,421
- Interest paid? $9,421
- Years to pay off? 20
True Confessions

“It took me two minutes to get a credit card & 10 years to get out of it.”

Lucy Vailakis, age 29
Perception

Pay Day loans are only used for occasional emergency loans

www.responsiblelending.org
Reality: Pay Day Loans

- Typical borrower has 9 loan transactions yearly from single payday loan store

www.responsiblelending.org
Reality: Pay Day Loans

- 61.5% went to borrowers who had 12 or more loans per year

www.responsiblelending.org
Reality

- Typical borrower pays back $793 for $325 loan
Revenue Reality

90% of payday lending revenues are based on fees

www.responsiblelending.org
2 digit interest rate cap

- Connecticut
- Georgia
- Maine
- Maryland
- Massachusetts
- New Jersey
- New York
- North Carolina
- Pennsylvania
- Ohio
- Arkansas
- New Hampshire
- Oregon
- District of Columbia
- Vermont
- West Virginia
Indicator

Retirement Savings
Survey Result

- Men (43%) more likely than women (32%) to plan to retire before age 65

Retirement Confidence Survey 2007
Survey

- 15% work in primary occupation until age 66
- 28% may never retire

Society of Actuaries
Team Question

What % of Americans have less than $25,000 saved for retirement?

Retirement Confidence Survey 2007
Retirement Savings 2007

- Less than $25,000 49%
- $25,000 to $49,999 10%
- $50,000 to $99,999 13%
- $100,000 to $249,000 15%
- $250,000 or more 14%

Retirement Confidence Survey 2007
Perception

- Baby Boomers will inherit money which they can use for retirement purposes

Retirement Confidence Survey 2007
Reality

- Only 14.9% expect to receive inheritance
- Median value $47,909
Indicators

- Income & Wages
- Multiple Jobs
- Poverty Rate
- Health Insurance
- Bankruptcies
- Foreclosures
- Retirement Savings
- Credit Card Debt
What’s missing???
Success Stories

Programs that are addressing the issue of Financial Security for Women
Delaware

- Purses to Portfolios
  - Sponsored by Citi Financial Education Program

www.pursestoportfolios.com
Levels of Achievement

- Level 1 = 10 hrs
- Level 2 = 20 – 29 hrs
- Next Level = 30 – 39 hrs
- Treasurer’s Circle = 100 + hrs
- Ambassador of Financial Education = 250 hrs + including 50 hrs volunteer work financial education

www.pursestoportfolios.com
CPAs

- 360 Degrees of Financial Literacy for Women
  - Your Money, Your Life
The Frontera Asset Building Network

- Creates & promotes asset building vehicles for families living along the Southwest Border
- CA, NM, TX, AZ
Cooperative State Research, Education & Extension Service

Land-Grant Colleges and Universities

CSREES
USDA
AgriLiFE Extension
Texas A&M System

- Wi$eUP
  - Generation X & Y Women
  - Educational Strategies
    - Online Courses
    - Expert Answers
    - Teleconference Calls
Annie’s Project

- Target Audience
  - Farm/Ranch Women
- 25 states
- Over 250 classes
  - Six 3 hr sessions
- Over 4,800 participants
11 Unit Home Study Course
Beginning Investors
Rutgers

☐ New Jersey Extension
Small Steps to Health & Wealth

- 25 Behavioral Change Strategies for Achieving Health & Wealth
Educational Strategies

Web-based

www.extension.org

(go to personal finance)
- Build wealth, not debt
- Change savings & debt management behavior
- www.americasaves.org
What’s missing???
Future Generations

What about our youth?
Perception

“Don’t need to teach personal finance in the schools, kids will eventually learn.”
Reality

Jump$tart Coalition 2008 Survey--Correct Answers

- High school seniors     48.3%
- College Freshmen        59.0%
- College Seniors         65.0%

www.jumpstart.org
Reality

Only 7 states require students to take a Personal Finance course as a graduation requirement

National Council on Economic Education 2007
NEFE® HSFPP®

National Endowment for Financial Education® High School Financial Planning Program®

- 10 hours instruction
- Knowledge, behavior, confidence changes

http://hsfpp.nefe.org
NEFE® HSFPP®

- 2007
  - 800,000 student guides
  - 8,000 schools
  - http://hsfpp.nefe.org
NEFE® HSFPP®

- Proven successful
- Non-commercial
- Free
- Cross-walked to educational standards
  - http://hsfpp.nefe.org
Financially Fit Students

- 14,000 K-12 teachers in 7 states
- AZ, CA, FL, GE, IL, MS, TX
- Mississippi Council on Economic Education
- State Farm Insurance
Indicators

- Income & Wages
- Multiple Jobs
- Poverty Rate
- Health Insurance
- Bankruptcies
- Foreclosures
- Retirement Savings
- Credit Card Debt
Call to Action

- Don’t reinvent the wheel!!
- What group of women has priority?
- What needs are not being met?
4 approaches

- Prevention through Education
- Provide Counseling/Advice
- Expanded & Improved Regulation
- Asset Building Strategies & Other innovations

www.aafcs.org
Women’s Legislative Network of NCSL

Team Winners 2008
Tie Question

What is the amount that can be gifted yearly without a federal gift tax?
Annual Gifts $12,000

- To as many people as you wish
- Tax free
Gift-splitting

- Spouse may join in gift

$24,000