

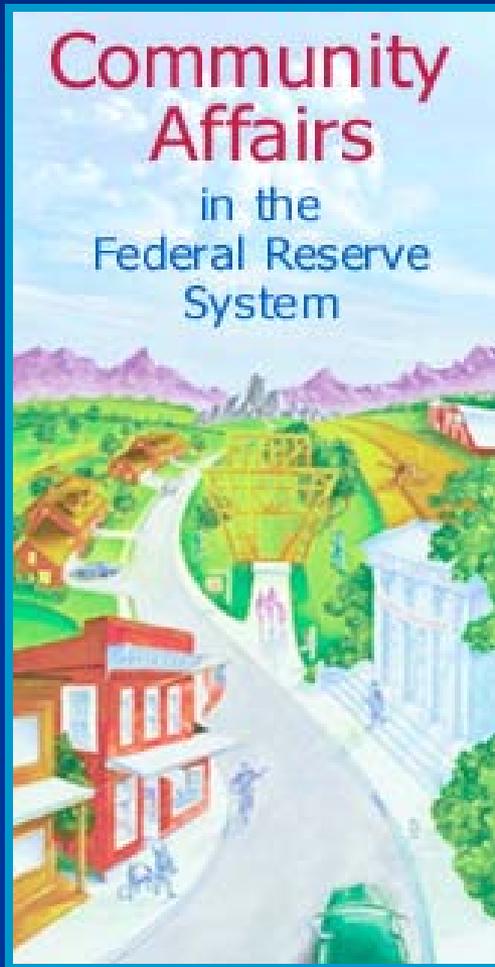


The 21st-Century Economic Reality for American Women

Women's Legislative Network of NCSL

Financial Stability Postconference

December 13, 2008



Overview

The Community Affairs Office was established in 1981 at each of the 12 Reserve Banks as a result of the CRA, to educate financial institutions on community development opportunities.

System Goals

- **Foster the active engagement** of depository institutions in providing credit and other banking services to their entire communities, including traditionally underserved markets
- **Encourage cooperation** among community based organizations, government agencies, financial institutions, developers and other practitioners to their mutual benefit
- **Develop greater public awareness** of the benefits and risks of financial services products and of the rights and responsibilities that derive from community investment and fair lending regulations.
- **Promote a better understanding** by policymakers, community leaders, and private-sector decision-makers of the processes and resources that support successful community development programs and best practices of community development

Presentation Objectives

- What is the current financial condition of women in America?
- What is the impact of the current financial crisis on women?
- What can be done to help women achieve financial stability?

Snapshot of Women's Financial Condition

- The financial condition of many American women is very precarious
 - Women are more likely to be living in poverty
 - 12.5 % of adult women were poor in 2007; 14.4 million women lived in poverty (source: U.S. Census)
 - The poverty rate for female-headed households with children was 37%, more than twice the rate for male-headed households with children (17.4%) (source: U.S. Census)
 - The number of women living in poverty was higher in 2007 than in 2000, despite economic growth during that time period (source: National Women's Law Center)
 - Women earn less than men and are more likely to be employed in part time or low-wage work
 - Women working full time, year round earn about 80 cents for every dollar earned by men (source: Bureau of Labor Statistics)
 - Nearly 1/4th of all female wage and salary workers worked part time in 2006 versus 1/10th of all men in wage and salary jobs (source: Bureau of Labor Statistics)
 - Women made up 68.8% of those working at or below minimum wage in 2007 (source: Bureau of Labor Statistics)



Snapshot of Women's Financial Condition

- Women are more likely than men to be at risk with their housing situation
 - Women are 30-40% more likely than men to receive a subprime mortgage, despite equal, or even better credit scores (source: Consumer Federation of America)
 - Because women make up a disproportionate share of the subprime mortgage pool, they face a higher risk for foreclosure
 - Female-headed households are more likely to receive housing assistance (public housing, Section 8)
- Women have a lower net worth and are more likely to be asset poor
 - The net worth of the average America household headed by a woman is \$48,500 versus \$82,400 for households headed by a man (source: CFED Assets and Opportunities Scorecard)
 - 25% of households with children headed by women have zero or negative net worth (source: CFED Assets and Opportunities Scorecard)
 - 38% of households with children headed by women are asset poor (source: CFED Assets and Opportunities Scorecard)



Snapshot of Women's Financial Condition

- Women have less retirement security than men
 - Women are more likely than men to rely on Social Security to finance their retirement
 - In 2007, 47 percent of elderly unmarried females receiving social security relied on Social Security for at least 90 percent of their income (source: Social Security Administration)
 - Fewer women have pension incomes and for those that do, the median value of their pensions is about one half that of men's. (source: General Accounting Office)
- Many women at risk due to lack of health insurance
 - Over 17 million women or 18% of women ages 18 to 64 are uninsured (Source: Kaiser Family Foundation)
 - 7 out of 10 adult Medicaid beneficiaries are women (Source: National Women's Law Center)

Impact of the Current Financial Crisis

- Women are likely to be disproportionately impacted by the financial crisis due to their precarious economic condition; the crisis is hitting the most vulnerable the hardest
- Poverty rates and unemployment rates for women were already increasing before the current economic down turn
- Women are more likely to rely on public assistance programs (Medicaid, childcare, housing) and these programs are at risk due to states facing record budget shortfalls
- Women with subprime mortgages face the risk of rising mortgage payments and the impact of falling home values

- What can be done to help women achieve financial stability?
 - Programs/policies to increase income
 - Job training
 - Earned income tax credit (EITC), child tax credit, dependent care credit, other tax credits
 - Small business, entrepreneurship, microenterprise

- Programs/policies to help women build and protect assets
 - Financial education
 - Individual Development Accounts
 - Increase access to financial services
 - Homeownership and foreclosure counseling
 - Life-long financial stability programs, retirement planning
 - Support anti-predatory lending legislation
 - Evaluate policies that create barriers to asset building



Policy and Program Options

- Programs/policies to support work
 - Childcare assistance and early childhood education
 - Earned income tax credit



Questions / Discussion

Jessica LeVeen Farr

Regional Community Development Manager

Federal Reserve Bank of Atlanta, Nashville Branch

615-251-7360

jessica.leeven@atl.frb.org

www.frbatlanta.org