EFFICIENT GROUP

ECONOMIC COMMENTARY

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YOUR MONTHLY ECONOMIC UPDATE

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For every one to attain financial well-being

WHAT FINANCIAL PLANNING STILL GETS WRONG ABOUT WOMEN

Every Women's Month, the same financial advice is given: Budget carefully, invest early, insure yourself, and draft a Will. None of this is wrong. It is simply incomplete. This advice treats women's financial outcomes mainly as a matter of better choices, while ignoring that most financial plans are built around a particular life: Uninterrupted full-time work, steadily rising earnings, regular retirement contributions, and a predictable retirement date.

Many women's lives do not look like that. Their earnings may start lower and bend more often. A baby arrives. A parent needs care. The family relocates, or one spouse's career takes priority over the other. Paid work becomes part-time, pauses, or restarts at a lower level. These may be family decisions, yet their financial cost often lands in one person's retirement account.

This is the missing economics of career breaks. A year of not working does not cost only one year's salary. It can also mean missed retirement contributions, employer benefits, promotions, salary progression, and years of compound growth on money never invested. If a woman returns at a lower salary, the penalty continues. A five-year break can, therefore, create a hole far larger than five years' worth of savings.

Longevity then turns this gap into an even greater obligation. Women generally live longer than men. The person with fewer uninterrupted years in which to accumulate wealth may, consequently, have more years of life to finance. This is the double-compounding problem at the heart of retirement planning for women. Longevity planning cannot simply mean chasing a larger lump sum. It must consider durable income, healthcare, housing, the possibility of living alone, and who can assist if financial decision-making becomes harder. A longer life is a gift; an underfunded one can become a prolonged exposure to dependence.

Marriage can further disguise this risk. A household may be wealthy while one spouse remains financially vulnerable, without assets in her own name, an established credit record, adequate retirement provision, or a clear understanding of the family's finances. Having a financial identity does not mean keeping secrets or expecting the marriage to fail. It means understanding the marital regime, attending planning meetings, knowing where investments and debts are held, having access to documents, and understanding the Wills, beneficiaries, and insurance policies. No one's first serious financial education should occur while grieving a spouse.

The better response begins before a career break. If a household benefits from one person providing unpaid care, the household should continue funding that person's retirement, risk protection, skills, and eventual return to work. Care has economic value even without a payslip. Life cover should, therefore, recognise the cost of replacing caregiving, not only the loss of a salary. This reframes the question. Instead of asking, "Can she afford to stop working?", families should ask, "How do we prevent a shared family decision from becoming her private retirement penalty?"

Other foundations also still matter. Investing small amounts early allows capital to begin compounding before life becomes more expensive. Income protection defends what is often a young woman's greatest asset: Her future earnings. An emergency fund buys decision-making time during illness, unemployment, divorce, or bereavement. Continued education protects her ability to re-enter the workplace and rebuild income. These are not disconnected financial products. Together, they create resilience across life transitions.

The consequences are also intergenerational. Intergenerational wealth is transferred through behaviour before it is transferred through an estate. Children who see both parents discussing investments, debt, and insurance learn that financial agency does not belong to one gender.

Financial planning for women should, therefore, not be a pink version of the same plan. Equal products can produce unequal outcomes when people travel different economic paths. A serious financial plan asks more than, "How much have you accumulated?"; it also asks, "Whose life did our assumptions describe?"

True financial well-being is the ability to withstand disruption, participate confidently in decisions, and retain meaningful choices. Women do not need another lecture about saving. They need financial plans that are honest enough to put a price on time.

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