

## CHAPTER 6

# The Female Poverty Crisis

**I**t is never my intention to scare any one with doomsday rhetoric. I have written this chapter with the hope of educating and motivating women to understand financial security and take steps today to avoid tremendous stress and anxiety in the future. Financial security is a rare accomplishment that relieves considerable stress from people's lives. According to financial statistics, women are often left behind, and therefore bear the brunt of this stress.

I meet with women frequently. Most of them are divorced or single and trying to rebuild their life, confused about how and why they ended up in financial ruin. Most of the women I talk to have the sincere desire to understand how finances work but have never had the opportunity of studying the matter. No one has given them the tools necessary to understand how to accomplish financial security. While trying to make ends meet, they feel they don't have the time or energy to learn about money. Money is not always an easy concept to grasp and can be frustrating. This is not an easy discussion but a necessary one and a topic that must be a priority, today.

No one is "planning" on a death or getting a divorce when they first get married. When death or divorce occur, we no longer have the luxury of a partner and must take on their former responsibilities, ourselves. It is always concerning to me when I speak with a woman and learn that her sole financial plan is marriage or re-marriage. That said, I agree that finding the person who supports you and helps you achieve happiness is a priority and arguably one of the most important decision in your life.

According to research done by Citibank, in 57% of marriages that ended with a divorce, money issues and stresses were a major contributing factor. When two people get married, one of the most important qualities

anyone can possess is the understanding of how money works and the determination to set joint goals to achieve financial freedom.

After much research, it is my professional opinion that financial security is initially a matter of individual focus. It is essential to your security and personal happiness that you understand financial planning and set things in motion that provide you with individual security. Two people, each one with individual financial understanding and commitment to financial security, will be empowered with an essential building block for a long and successful marriage.

According to CNN Money and other sources, 70% of the people living in poverty in the USA are single women and their children. There are specific reasons why women are more likely to live in poverty than their male counterparts. The three Ds put women at a higher risk of financial instability than males: Death, Divorce, and Disability.

**Death:** One thing no one can foresee or evade is death. It is part of life and can be emotionally and financially crippling. When a spouse dies, male or female, the surviving partner immediately experiences a tremendous burden in organizing the funeral arrangements, managing the family, and either using savings or borrowing money to pay for all the expenses. Over a certain amount of time, the resulting emotional stress can take a toll on someone's health and ability to work. Death has serious and unmeasurable consequences for the surviving spouse.

Fortunately, 62% of men have some form of life insurance. This is a tremendous financial help to the spouse in getting her life back to normal over the next few years. Life insurance is a great protection to have but is also a false sense of security. How long does a lump sum of money last for the average person? According to statistics, inheritance, life insurance, lottery winnings, or other forms of lump sum windfalls are depleted within three years. What happens when the money runs out?

**Divorce:** Divorce is part of our current society and a tremendous liability to everyone involved. This is a sensitive topic, so I hope to explain it as objectively as possible. I believe in marriage and always promote strong relationships that increase your happiness. One of the pillars of

happiness are your relationships with other people. I also promote the fact that additional education in money and how it works can improve any relationship and be an influential factor in the success of a marriage.

However, when divorce strikes, typically women feel a larger impact to their finances than men. Did the wife work part-time? Or was she a stay-at-home mom? Or helping the small business grow? In most scenarios (not my opinion but ascertained by reviewing data), the woman did not advance her career with the same effort and energy as the man. This is an additional financial liability she incurs throughout her marriage. Is there a fair way to protect her by other means besides advancing a career?

**Disability:** Accidents, sickness, and other forms of physical ailments can impede our ability to work. Such accidents can cause significant stress, both physical and financial. When the breadwinner of the family becomes disabled, financial planning done years in advance provides for another level of security.

Having a financial plan in both person's names, with the flexibility to increase contributions for either spouse depending on the circumstance, is crucial for long-term success. Numerous financial plans have a health requirement to them; life insurance is a good example. When health underwriting is necessary, having a plan in both person's names provides for flexibility and additional security. The purpose of a good financial plan is to eliminate as much risk and unknowns in your life.

As previously mentioned, there is a crisis of poverty among women: 70% of Americans in poverty are women and their children, and this number is increasing as divorce rates increase. Two factors cause this disparity of poverty between women and men: 1) the fact that men's IRA/ 401k accounts have more than double in them than those of women, and 2) the fact that traditional divorced women have not focused on an advanced career due to their efforts of maintaining the home, having children, and taking on most of the duties required in raising children.

This is not to say men don't also pull their weight. Marriage is a partnership. Everyone deserves financial freedom no matter one's role in a marriage. Everyone's efforts in raising a family, advancing a career, growing a business, and managing a home have value and deserve security.

How can the MPI™ financial plan change the trajectory of this crisis? MPI™ provides solutions and hope for everyone. In the following, I'll re-examine the 3 Ds with respect to MPI™:

**Death:** Not only does MPI™ provide a life insurance lump sum to the wife for immediate security, it also provides long-term income focus. The wife will have long-term secure income for the rest of her life. Because education is also part of the MPI™ system, the spouse will have a financial planner to guide her to the best and most beneficial ways to use the lump sum life insurance payout.

**Divorce:** Focusing on financial education and planning can minimize the risk of divorce in the first place. A couple who has the same goals and education in financial planning has a higher likelihood of a successful marriage. Unfortunately, divorce still can occur. Marriage and raising a family are a joint effort. To have dual MPI™ financial plans in both the husband's and wife's names is the fairest solution for everyone. It allows a wife to be a stay-at-home mom and still be rewarded for her time and efforts in the form of financial security. Rather than depositing \$800 a month into a single MPI™ plan, it is more reasonable, for dual financial security, to build two MPI™ plans. I usually suggest around a 65%–35% split with more life insurance on the husband (or whomever is the bread winner) as that provides the other with the most amount of immediate life insurance payout if death occurs. Minimums play a factor on retirement results; consequently, if there are not sufficient resources to establish two plans, a single plan should be in the name of the bread winner of the household until more funds are available to start a second plan. Your MPI™ financial planner can help you determine the best path possible for your specific situation.

**Disability:** Having two MPI™ financial plans in both spouses' names provide the most flexibility and security for the marriage. Unexpected disability happens and can impede a good financial plan from achieving the best results. Having the ability to fund different plans with flexibility is another tool to eliminate as much risk and unknowns in your life.

I met a young woman named Crystal from Arizona—a single mother with 3 kids. Having recently been divorced, she was still struggling emotionally and financially. Crystal was hesitant in speaking with me about financial planning as she felt it was too complicated and was dealing with too many other things in her life. She felt she did not have time for it and should deal with the matter in the future. I assured her the education and understanding would change her life forever and would give her the tools necessary to secure her future. This education would also help eliminate the stress and anxiety she had regarding her financial future.

After a 30-minute phone call, everything changed for her. Something I said spoke to her. She soon became fully committed to financial planning. As I became close friends with Crystal, she informed me that she and many other women discuss topics regarding money regularly. Even the ones who are married do not feel secure. As a group, they have the sincere aspiration to understand money but don't know who to trust, where to find the education, or how to begin. They struggle gaining the required knowledge because the financial world provides little education. These women want to learn how to protect their future; they don't want to give their money to anyone without knowing where it is going to end up. Most importantly, these women are coming to the realization today is their day to gain security in their finances. They must put themselves first and make their security a priority. There is no better day to start than today, even if it is \$100–\$200 a month. Getting on the path of financial security is the first and most important step.

Crystal took her first step. It wasn't easy for her because money was tight, but she now sees her future and is ready to fully commit to it. Through my experience with Crystal, I better understand why the Female Poverty Crisis is occurring and how to help fix it. With education in financial planning, most of the risks of the 3 Ds can be eliminated. Not only does financial planning protect a woman from future poverty, but more importantly, it provides an influential tool for a successful marriage or re-marriage. Only good can come from financial planning. Financial education and understanding how to achieve financial security will only strengthen the individual while improving the marriage between two people seeking the same goals.

## Things to Consider

- Have you every considered the 3 Ds of financial insecurity?
- Do you believe financial education is an individual accomplishment?
- Are you willing to make financial education a priority in your life?

*“Formal education will make you a living;  
self-education will make you a fortune.”*

**Jim Rohn**