◆ EXECUTIVE SUMMARY ◆

Asset Funders Network

ON SHAKY GROUND

Stabilizing the Financial Security of Single Women

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INVESTING IN SINGLE WOMEN = INVESTING IN OUR ECONOMY

Women between the ages of 45-65 represent the very first generation to benefit from expanded access to higher education, credit and other asset-building opportunities originating from the civil rights era and women's movements of the 1960s and 1970s. Today, women are graduating from college in record numbers, starting businesses at unprecedented rates, and have greater access to mortgage and business credit than their mothers and grandmothers. Two thirds of women are primary breadwinners or co-breadwinners. Many are part of the "sandwich generation" who provide care for one parent or family member over the age of 65 while also raising young children, supporting their grown children, or helping raise their grandchildren.

Yet the 15 million single women within this cohort—particularly Black and Latina women—have lost substantial amounts of wealth in the last two decades. **In fact, single women in this cohort, aged 45-65, lost 36% of median wealth between 1995 and 2016, with a 28% drop for White women and a 74% drop for Black women from 2007 to 2016. Additionally, by 2016, the median "quasi-liquid"[1] savings for single Black and Latina women aged 45-50 was $0.**

The gender wealth gap continues growing even though single women have benefited from regulatory protections to reduce wealth stripping and have had increased access to institutions, products, and services that help them build wealth. This growing gap not only impacts their financial security in retirement but also their ability to pass resources on to future generations.

To shepherd our collective efforts and move the needle to improve the economic well-being of single low-income women, we must understand how asset inequality is compounded by structural barriers to wealth building for women, including accessing income, tax benefits, social services programs, and financial products and services.

[1] Savings that can quickly be converted into cash

GENDER WEALTH INEQUALITY

Gender wealth inequality—or the women's wealth gap—remains largely overlooked in income-focused discussions of women's economic security. The women's wealth gap is exacerbated by the racial wealth gap and goes far beyond wage inequality. It is compounded by imbalances in our tax code, the structure of employer-based benefits, the Social Security system, and market-based products and services. The wealth gap impacts current generations and threatens the financial security of future generations. *(Refer to Asset Building Across the Life Cycle of Women chart)*.

CLOSING THE WOMEN'S WEALTH GAP

This executive summary was developed in collaboration with Closing the Women's Wealth Gap Initiative (CWWG) and is the first in a series of briefs. The series builds on AFN's 2015 publication, "Women & Wealth," that explores how the gender wealth gap impacts women.

BARRIERS SINGLE WOMEN FACE

Six problem drivers that contribute to the growing wealth gaps for single women:

1. LEGACY OF RACIAL AND SEXUAL DISCRIMINATION IN CREDIT AND LENDING MARKETS

Women, especially women of color, have historically had a more difficult time getting approved for credit or treated fairly in the marketplace, including home or business loans. Despite significant improvements in regulatory and financial markets, this leaves women vulnerable to predatory lenders like payday loan shops, stripping hard-earned wealth, and assets. Patterns of persistent racial and sexual discrimination coupled with gender-based policy gaps facilitate a severe level of economic vulnerability among women approaching retirement.

2. GENDER INEQUITIES IN HOMEOWNERSHIP

Homeownership tends to be less profitable and safe for single women; they were targets of systematic discrimination through "redlining" (the refusal to lend in specific geographic areas typically located in inner-city neighborhoods) and "reverse-redlining" (shepherding borrowers into unaffordable adjustable rate mortgages). Practices have included aggressive push-marketing tactics that encouraged older women to acquire unaffordable adjustable mortgages. Women in this cohort have been denied fair access to affordable mortgage products and targeted with risky products that reduced their ability to invest in homes and eliminated valuable assets to be passed onto the next generation.

3. STRUCTURAL GENDER INEQUALITY

Gaps in Social Security policies and inequitable access to paid family/sick leave programs hinder women's capacity to build wealth as they approach retirement. For example the average SSI benefit for women 65 and older is $13,500 per year (as compared to $17,600 for men). For women with dependents, access to paid leave is crucial. Despite the 1993 Family and Medical Leave Act, paid family or sick leave is still uncommon in today's workforce, especially among low-wage workers—most of whom are women. The lack of accessibility to paid leave and structural inequities in social safety net programs are causing women to enter retirement with fewer funds in hand than men.

4. LACK OF ACCESS TO EMPLOYER-BASED RETIREMENT AND SAVINGS PLANS

The majority of working women are not saving in employer-based retirement savings plans due to eligibility issues. Although women are more likely than men to work for employers that offer retirement plans, they are less likely to be eligible because enrollment is often limited to full-time employees, and women are twice as likely as men to work part-time.

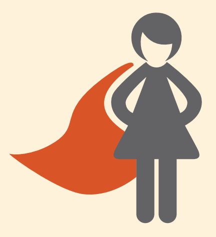
5. LIMITED FINANCIAL CAPABILITY

The Department of Treasury defines "financial capability" as "the capacity, based on knowledge, skills and access, to manage financial resources effectively." Women are facing disproportionate financial insecurity as they age. Limited financial knowledge, confidence and trust based on past experiences, coupled with lack of access to responsible financial products leaves women at risk of living on the edge as they struggle to meet their families' basic needs, being one unexpected costly event away from a financial disaster.

6. GENDER BIAS IN RETIREMENT TOOLS AND EROSION OF FINANCIAL PROTECTIONS

Investment advice often does not account for the fact that women are more likely to work part-time, typically to care for children or seniors; make less money over their lifespans; and tend to live longer than men. Many financial protections that do or would disproportionally benefit women are eroding or under threat. For example the federal government delayed the implementation of the fiduciary rule, which requires financial advisors to disclose conflicts of interest to their clients, among other provisions. For marginalized populations, including single women already experiencing severe asset depletion, deregulation and other marketplace trends pose increasing financial risks.

AGAINST THE ODDS:
SINGLE WOMEN FIGHT FINANCIAL INSECURITY



Despite the barriers that limit wealth building for single women (45-65), these women remain the backbone of economic life for their families.

- 2/3 are the sole, primary or co-breadwinners for their families
- Are paid less than men—79-80 cents on the dollar
- Own less (not earn) only 32 cents for each dollar owned by men
- Had $0 in quasi-liquid retirement savings (Black/Latina women)
- Have lost between 38%-85% of wealth since 1995
- Must set aside almost 30% of monthly income to retire at age 67*
- Have 17% lower market value in their home compared to single male homeowners

*Black/Latina women earning median income of $36,000

Women have the potential to add $1.75 trillion to U.S. GDP

FUNDER RECOMMENDATIONS

Increasing the wealth of women in this cohort requires philanthropic investment strategies that cut across two or more of these categories because many of the problem drivers are interconnected. If the financial market, grantmakers, public policy, or nonprofit efforts do not match the individual efforts of single women, our solutions will fall short. The wealth gap for single women – especially single women of color – will continue growing and funders will miss the opportunity to develop solutions that can be scaled up within community-based efforts and scaled out across sectors.

- **Support responsible lending and legal aid organizations that provide services to clients facing discrimination.**
- **Support initiatives that ease the housing strain on single women.**
- **Adjust grantmaking activities to support policy and practice interventions addressing structural gender inequality.**
- **Support interventions that build savings and compensate for women's lack of eligibility for employer-based retirement plans.**
- **Promote financial capability programs designed for women ages 45-65.**
- **Promote women-focused retirement & investment planning tools and support services.**

> "SINCE 2012, DALLAS WOMEN'S FOUNDATION has included a focus on the economic security of women preparing for and in retirement. Many of these women thought they had a financial plan only to experience a detour due to early widowhood, divorce, or assuming care of grandchildren. Addressing financial needs later in life and planning for the future with a shorter runway is an area that needs more funder attention, research, and investment."
>
> **DENA L. JACKSON, PH.D.**
> SENIOR VP, GRANTS & RESEARCH | DALLAS WOMEN'S FOUNDATION

CLOSING

The growing economic fragility of this generation of single women is neither inevitable nor irreversible. Although women face extraordinary barriers when it comes to building their financial security, we cannot overlook their resilience, ingenuity, resourcefulness, and the value of their multi-generational caregiving on past, present, and future generations. While the economic fragility of women is threatening to families, communities and the national economy, it represents a ripe opportunity for grantmakers. Supporting single women supports our economy. Philanthropy has the opportunity to influence and develop individual, community, and systemic interventions by investing in the single women who function as the financial backbone of their families and neighborhoods.

Asset Funders Network

CLOSING THE WOMEN'S WEALTH GAP

ASSET BUILDING ACROSS THE LIFE CYCLE OF WOMEN

THE CHALLENGES SINGLE WOMEN FACE

POLICY SOLUTIONS AND OPPORTUNITIES FOR INVESTMENT

ASSET BUILDING ACROSS THE LIFE CYCLE OF WOMEN

<table>
<tr><th>BIRTH – TODDLER
0-3 YEARS</th><th>CHILDHOOD – ADOLESCENCE
3-17 YEARS</th><th>YOUNG ADULTS
18-34 YEARS</th><th>MIDDLE ADULTHOOD
35-65 YEARS</th><th>OLDER ADULTS
65+ YEARS</th></tr>
<tr><td colspan="5">PROBLEM DRIVERS/CHALLENGES</td></tr>
<tr><td colspan="5">Lack of household savings</td></tr>
<tr><td colspan="5">Lack of access to stable affordable housing prohibits savings</td></tr>
<tr><td colspan="5">Lack of affordable child care</td></tr>
<tr><td>Limited access to Head Start programs</td><td colspan="4">Limited understanding of credit/budgeting and vulnerability to predatory lenders due to little or no access to financial education/financial coaching</td></tr>
<tr><td></td><td>Barriers to participation in STEM programs</td><td colspan="3">Unequal pay</td></tr>
<tr><td></td><td></td><td colspan="2">Damaged credit</td><td>High health care and long-term care costs</td></tr>
<tr><td></td><td></td><td colspan="3">Employment concentrated in lower-paying sectors</td></tr>
<tr><td></td><td></td><td colspan="3">Lack of comprehensive family leave</td></tr>
<tr><td></td><td></td><td colspan="3">Lack of access to and accumulation of savings through employer benefit programs</td></tr>
<tr><td></td><td></td><td colspan="3">Predatory financial products and services</td></tr>
<tr><td></td><td></td><td colspan="3">Gender-biased financial planning systems</td></tr>
<tr><td></td><td></td><td></td><td colspan="2">Asset depletion from housing loss</td></tr>
<tr><td></td><td></td><td colspan="3">Debt–including student debt and municipal fines and fees that strip wealth</td></tr>
<tr><td></td><td></td><td></td><td colspan="2">Low SSI benefits and difficulty accessing them</td></tr>
<tr><td></td><td></td><td colspan="2">Higher mortgage costs</td><td>Lack of access to Social Security for immigrant women</td></tr>
<tr><td></td><td></td><td colspan="2">Built-in barriers to many tax benefits</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">Barriers to building business equity including limited access to capital, networks, and mentors</td><td></td></tr>
</table>

SELECT POLICY SOLUTIONS**

<table>
<tr><th>BIRTH – TODDLER
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<tr><td colspan="5">Establish universal basic income</td></tr>
<tr><td colspan="4">Make 529 savings accounts more accessible and equitable by providing public matching funds for low-income savers</td><td>Expand access to Medicaid and programs that help cover Medicare costs</td></tr>
<tr><td></td><td colspan="4">Expand funding to support the provision of financial education/coaching for parents and children</td></tr>
<tr><td></td><td></td><td colspan="3">Establish Universal Paid Family Leave with 100% wage replacement</td></tr>
<tr><td></td><td></td><td colspan="3">Expand refundable tax credits such as Earned Income Tax Credit, Child Tax Credit. Turn deductions into refundable credits</td></tr>
<tr><td></td><td></td><td colspan="3">Expand access to portable benefits including state sponsored benefit programs</td></tr>
<tr><td></td><td></td><td colspan="3">Expand access to retirement savings for employees including those employed by smaller businesses and part-time workers through state and federal automatic IRA policies</td></tr>
<tr><td></td><td></td><td colspan="3">Support the establishment of state-based social insurance funds to allow families to receive support for home care for seniors, child care and paid family medical leave</td></tr>
<tr><td></td><td></td><td colspan="2">Increase minimum wage, including wages for tipped workers</td><td>Support protection of and increased SSI benefits</td></tr>
<tr><td></td><td></td><td>Stronger regulation of predatory student lenders and expanded tuition-free college choices</td><td>Institute Social Security credits for caregivers</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">Support public subsidies for first time homebuyers and support financial counseling for women homebuyers</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">Expand funding for U.S. Small Business Administration Women Business Centers</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">Support state and local policies that eliminate or reduce wealth-stripping municipal fines and fees</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">Enact bail reform</td><td></td></tr>
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Asset Building   Asset Preservation

** This represents a select list of recommendations

<table>
<tr><th colspan="5">BEST PRACTICES/OPPORTUNITIES FOR INVESTMENT</th></tr>
<tr><th>BIRTH – TODDLER
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<tr><td colspan="5">New research for more robust wealth data along racial/ethnic and gender lines to disaggregate data for Asian Americans, Latina, Pacific Islander, Native American and Native Hawaiian on gender biases in mortgage rates/lending patterns</td></tr>
<tr><td colspan="5">Multigenerational supports for parents and children</td></tr>
<tr><td>Child savings accounts</td><td colspan="3">Matched savings accounts</td><td>Benefits counseling to ensure enrollment in eligible benefits</td></tr>
<tr><td>Home-visiting programs that incorporate financial coaching</td><td>Financial education in classrooms; financial coaching accompanied with saving opportunities for caregivers focused on developing positive financial habits and norms</td><td colspan="3">Coordination of health and housing services to allow owners to remain in their homes</td></tr>
<tr><td>Multigenerational supports for parents and children</td><td>STEM programs targeting young women</td><td colspan="3">Fraud prevention programs</td></tr>
<tr><td>Dual language programs for parents and children to help a child's economic potential later in life</td><td></td><td colspan="2">Credit building/credit repair</td><td>Financial and legal advice to preserve assets and planning for increased health care costs such as wills and trusts</td></tr>
<tr><td></td><td></td><td colspan="2">Homeownership programs with responsible financial products</td><td>Tailored retirement savings advice and tools</td></tr>
<tr><td></td><td></td><td colspan="2">Financial coaching paired with responsible financial products</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">Expand access to business ownership opportunities through grants for business training, mentoring and network development</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">Access to capital through loans to small business owners and investments in CDFIs</td><td></td></tr>
<tr><td></td><td></td><td colspan="2">Refundable tax credits such as Earned Income Tax Credit (EITC) through Volunteer Income Tax Assistance (VITA) outreach/education</td><td></td></tr>
</table>

Asset Building   Asset Preservation

Asset Funders Network

The Asset Funders Network (AFN) is a membership organization of national, regional, and community-based foundations and grantmakers strategic about using philanthropy to promote economic opportunity and financial security for low- and moderate-income Americans.

AFN works to increase the capacity of its members to effectively promote economic security by supporting efforts that help low- to moderate-income individuals and families build and protect assets.

Through knowledge sharing, AFN empowers foundations and grantmakers to leverage their resources to make more effective and strategic funding decisions, allowing each dollar invested to have greater impact.

www.assetfunders.org

CLOSING THE WOMEN'S WEALTH GAP

The women's wealth gap is the result of a long history of policy, practices, and norms that have limited the capacity of women, especially women of color, to earn, save, invest, and preserve financial assets. Closing the gap will require a broad cross-section of stakeholders working together to understand the causes and effects of the gap and advance a range of policy, programmatic, and market-based solutions.

We invite you to join the Closing the Women's Wealth Gap, a national network of more than 300 philanthropic, nonprofit, private, and public-sector leaders who are leveraging their collective knowledge, expertise, and networks to advance promising solutions.

For more information, please visit www.womenswealthgap.org or contact Director Heather McCulloch at heather@womenswealthgap.org.

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DALLAS WOMEN'S FOUNDATION

AARP Real Possibilities

chicago foundation for women