

# **ON WOMEN IN TRANSITION**

**JAMES L DRUFFNER**  
**CPA/PFS, CFP, CMA**

“Women in transition.” Catchy phrase, right? I didn’t come up with it. But I like it because it can mean so many things. So many important things.

If you are a woman, you are probably thinking of all the transitions you have had and are likely to have. Some transitions are by choice; some are not. Some transitions increase a woman’s happiness; unfortunately, many do not.

Another phrase that I like is “gray divorce,” an ever more common transition for women of the baby boomer generation.

Remember the old days when divorce was rare? When it happened, it was scandalous. Sure, movie stars got divorced all the time. But when the Joneses down the street got divorced....oh, my! We erroneously thought they were respectable people, didn’t we!

Divorce for people 50 and older has roughly doubled since the 1990s. There are many reasons for this. There are the usual causes of divorce, of course. The kids are gone (except for the one still living in the basement) and the couple realize that the kids were the only interests that they had in common. Or one of the spouses has found someone else who is new, a lot more fun, and likely younger.

But there are other reasons as well. Divorce doesn’t carry the stigma that it did in the old days; there would be nothing scandalous about the Joneses down the street getting divorced today. They would still be respectable members of the community afterwards.

Another reason is longevity. Nearly 65% of women will live to age 85. (Only 50% of men can expect to live that long.) As a result, a woman age 55 still has several decades ahead of her. If she is in good health, she may have ideas for how she wants to spend that time that don’t include that (fill in the blank) guy sitting on the couch in front of the TV, especially if he is snoring and it’s only the second quarter of the game and why isn’t that can of beer on a coaster.

But just as often, the choice is not the woman’s. Now the women must face a future that she hadn’t anticipated, much less actually planned for.

Besides the pain and feeling of rejection that she must work through, in most cases, she has some serious headwinds and obstacles to contend with. Women live longer, accumulate more chronic (and sometimes costly) health conditions (yes, being a woman is a pre-existing condition), have lower lifetime earnings, less pension wealth, and lower social security benefits than men. The average retirement account balance for women 60 and over is 45% lower than their male counterparts'.

This brings us to another phrase I like: "A man is not a plan."

How can a woman deal with the transition caused by a gray divorce?

The best thing to do would have been to plan decades in advance. Let's go back to the transition without which the gray divorce would not be happening: the wedding.

Money and emotion are linked, more so than many people realize. Financial problems are a top contributor to marital conflict and dissolution. You know that of course. But did you know that money arguments are less related to the amount of family income and more related to conflict about how decisions regarding the allocation of that family income are made?

You know that at this point I'm going to recommend that newlyweds have a long term comprehensive financial life plan. It's important that they have the same goals in life and that they have a plan with specific and measurable steps to achieve those goals. Such a plan would reduce conflict, lessen the likelihood of divorce, and contribute to the happiness of the spouses and to the success of the marriage.

But what if the spouses have never had a plan, don't have a time machine, and after 30 years of marriage, have decided to go their own way? Moreover, what if that man was the woman's plan and now he's gone?

Men tend to rebound and recover financially and emotionally from divorce more easily than women (except for those men who never really learned to take care of themselves, took a shower only when ordered to, and don't know where the cleaning supplies are stored). And for many women, in this day and age, recovery

will be quick as well. These are women who have their own careers and have accumulated their own wealth.

But for far too many women, this is a period of great stress. Her man was her plan and now the unexpected has happened. Peace of mind is elusive. Her future happiness and well-being are in jeopardy.

Is it too late to create and implement a long term comprehensive financial life plan? No. It won't have the impact that a plan created and implemented decades earlier would have had. But it is no less important in that it can help avoid the terrible financial decisions a woman can make in the throes of a divorce.

The plan should be created before the details of the divorce have been agreed upon. For example, the woman likely has a sentimental attachment to the house where she raised her children and would like to keep the house as a place where her children and grandchildren can visit her. But can she afford the upkeep? What will she give up in exchange for keeping the house? Is that cost too high? What would she gain by downsizing?

There are many things to consider after the divorce as well. There are many court cases in which a spouse failed to change the beneficiary on an IRA or a life insurance policy. Surely you would prefer that your insurance benefits and retirement assets go to your children or siblings rather than to your ex-husband and that hussy you saw him with last week. And, of course, wills and trusts need to be redone.

Lawyers are not financial planners and they are not CPAs. Of the three components of divorce (legal, financial, and emotional), they are trained to deal only with the legal component. They are unlikely to consider the long term tax and financial aspects of the settlement, or the long term happiness of the woman.

So it is important that a woman in transition facing a divorce add a financial planner to her support group. (When I say "financial planner," I am referring to a true financial planner, not a salesperson for a brokerage firm or bank. I've written extensively about the distinction!) The financial planner can not only help the woman make smart financial decisions, but can help her by alleviating fear, anger,

and ignorance. The financial planner can also help the woman achieve a higher level of peace of mind - which means a higher level of happiness – by providing her with a clearer picture of her current and future financial situation.

A woman in transition – in this case in a gray divorce - could have 30 or more years of post divorce life; a planner can help make those years some of the happiest and most fulfilling years of her life.