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# Financial Freedom for Women

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**ABSTRACT:** Women are better at managing their hard-earned money because they tend to be sensible, logical, conservative at times, and unmoved by impulsive excitement. But since they're more prone to handle money conservatively, women may not be fully utilising the financial alternatives at their disposal or the potential for their assets to increase. Although achieving financial freedom is crucial, it's necessary to keep in mind that it takes time. It is a lengthy but wonderful journey that requires a straightforward and modest beginning.

**KEYWORDS:** women, financial, freedom, modest, conservative, money, potential, crucial

## I. INTRODUCTION

Here are 5 suggestions for women to ensure their financial independence, whether they are working women or stay-at-home moms:

### 1. Set Financial Goals

For women, it's crucial that their objectives are specific, and time-bound. Women must also categorise their goals into short-, medium-, and long-term ones based on the amount of time they have to accomplish them. Furthermore, the investments they make must be well-aligned with their goals.[1,2,3]

### 2. Be Involved in the Finances

The more women are involved in their family's finances and know them, the better. Checking bank statements is much simpler now thanks to e-statements and internet banking. It is advised to review all their bank accounts, credit cards, e-wallets, and other financial accounts at least once every month. This will help women better manage their finances by giving them a clear picture of where the money is going. To categorise and keep track of spending, using budgeting and expense-tracking applications is an excellent alternative. It can be difficult for women to handle their finances without knowledge and expertise if suddenly the duty of the family falls on their shoulders due to an incident. As a result, understanding the family's finances is essential.

### 3. Start Investing

The initial baby steps towards financial objectives include saving money in savings accounts and investing in fixed-income financial products like fixed deposits and recurring deposits. Therefore, they must learn about more investment options after they've begun their investment journey, including mutual funds, Systematic Investment Plans (SIPs), gold, direct stocks, real estate, government securities, etc. Women must remember that their investment decisions should be based on their investment goals, risk tolerance and time horizon.

### 4. Maintain an Emergency Fund

Money that is set aside and should preferably be kept in a separate savings account, term deposit, pure liquid fund, or overnight fund. The goal here should be to keep money safe in case of an emergency rather than to generate higher returns.

### 5. Insure Properly

Women need to have proper health insurance coverage taking into account their personal health, their family's medical history and the state and city they dwell in, among a host of other considerations, to avoid having to use the investment that may be allotted for critical financial goals.

Women must stay on track after setting their financial objectives and creating the savings and investment programmes necessary to meet them. The path to financial freedom is a long one, so it's crucial to have regular reviews with a dependable advisor who can help them prioritise their requirements when they encounter conflicting demands and who can push them to get back on track when they go off course.

## II. DISCUSSION

Enough has been written and spoken about financial independence especially with reference to women in the last two decades. But what does financial independence for women mean? It is subjective and can mean different things to different women. For a working woman, it may mean being able to make her own financial decisions or being able to sustain herself financially. For a homemaker, it may mean being able to spend money whenever she wants or being able to sustain herself during emergencies. [5,7,8]

At a basic level, financial independence makes women feel more secure and respected irrespective of their socio-economic background. This automatically has a relay effect not just on women but their families, society, and the country at large. More financially independent women mean a more progressive society that is healthier, safer, and less biased. Financially independent women become role models for their children and help in uprooting the age-old gender biases that are deeply rooted in our culture. Financial independence also helps women to retire early to enjoy the blessing of life after all the struggle they have gone through.

If financial independence of women is of such importance, how can women help themselves first in achieving it even before families, societies, and the government step in? The simple answer is to be a disciplined investor irrespective of a woman's financial earning capabilities and educational background. Whatever may be one's financial strength and educational background, unless a part of one's earnings is saved and invested wisely in the right place in a disciplined manner over time, one will always remain ill-prepared to meet emergencies like job loss, medical expenses, or even the loss of an earning family member.

Today, women are working in a variety of roles yet not all working women are financially independent. Most working women still depend on the men-folk of the family when it comes to making investments. Also, they may not be saving enough or even if they are saving, the savings may not be done smartly i.e it is barely able to beat inflation. This is where women can learn to rely on mutual funds that offer a disciplined way of investing for the long-term through a Systematic Investment Plan (SIP). Even if a woman has little or no earning, she can still put aside as little as Rs.500 from her savings to start a monthly SIP that helps her get closer to financial independence. Hence it is important that every woman realizes to make women feel that mutual fund investing is easy and achievable.

## III. RESULTS

Financial independence means having the ability to support oneself financially without assistance. Being financially independent is an important goal for people of all backgrounds, but it is particularly important for women who have historically been marginalized by the job market.

Financial awareness and money management skills can lend women a deeper sense of security that makes it easier to save and invest for the future. An understanding of the challenges, advice and resources available to help can facilitate the process.[9,10,11]

Financial freedom is a form of personal empowerment, but a variety of roadblocks make it difficult for women to navigate and partake equally in the financial world.

According to statistics from the U.S. Bureau of Labor, for example, women annually earned 82.3% of that earned by men, with the gap being even wider for many women of color. Pay discrimination, household responsibilities and a lack of exposure to financial tools are all issues that women confront.

While there are positive movements that advocate for equal rights between women and men, pervasive social structures are difficult to break. The following list elucidates some of the key challenges:

Women are paid less than men

According to the U.S. Bureau of Labor Statistics, there continues to be a wage gap between women and men, with women making less than their male counterparts. The gap widens for women of color.

Children can disrupt a career

Working women who have children tend to experience a wage penalty of 4% per child. This number increases to 10% for women of color.[12,13,15]

Women have less exposure to financial literacy

Women are less likely to study courses leading to finance careers. For example, men study economics at an almost 2:1 ratio compared to women.

Women live longer than men

A woman's life span is typically 8% longer than a man's. Most women will be left to manage their own finances at some point in their life, particularly when their male counterparts pass away.

Women tend to know more about managing their finances than they think. While some financial moves make sense at certain stages of life, other strategies are applicable any time. Often, the best way to develop a financial strategy comes down to becoming more financially literate.

According to Fidelity, only 20% of women surveyed said they felt sufficiently prepared by their parents to manage finances as an adult. Setting financial goals and understanding short, medium and long-term money strategies can result in a lifelong safety net.

To build financial independence and wealth, it's important to start investing, budgeting, saving and planning for retirement.

### 1. Tap Into Investments

In addition to providing a reliable source of income, investments can help combat inflation and serve as a vehicle to ensure that savings continue to grow. Many women are familiar with the concept but unaware of the full extent of possible dividends or doubt their ability to invest successfully.

In reality, women are just as effective as men when it comes to investing, and their portfolios tend to be even more successful. A recent survey found that only 26% of American women invest in the stock market, although nearly half of women view the market in a positive light.[15,17]

Investing allows women to have an equal opportunity at accumulating the same wealth as men.

### TYPES OF INVESTMENT STRATEGIES

Finding the right investment strategy will depend on your level of risk and your short and long-term investing goals. Determining if you want to be an active or passive investor is a good place to start. Active investors are frequently involved in the buying and selling of assets, while passive investing tends to mean more "sitting and waiting."

Generally speaking, short term investments are designed to provide results within three years, while long term investments involve stocks, bonds, real estate and other assets that can provide financial benefits for many years down the road.

Portfolios can also be low or high risk. A high risk portfolio includes an aggressive strategy that could result in several ups and downs with the potential of high rewards. Low-risk portfolios are not as volatile but may not yield as strong of results.

## 2. Evaluate Your Spending Habits and Create a Budget

Budgets allow you to spend within your means and save for financial goals. According to Smart Asset, single men earned roughly \$2,000 more on post-tax income than women, and they also outspent their female counterparts.

Despite common stereotypes, men were actually found to have average post-tax expenditures of \$42,000 a year, compared to \$39,100 by women. While women are often better at managing money than they give themselves credit for, it is worthwhile for them to evaluate where their money is going.

Basic budgeting can help women get even further on track. A good place to start is by listing out how much money is earned each month, then itemizing spending into categories to separate frivolous purchases from necessary spending.

### PAYING OFF ANY DEBT YOU HAVE

Uncontrolled debt not only batters finances but also generates stress which threatens the health of women and prevents them from attaining financial freedom. In 2020, consumer debt reached nearly \$15 trillion. Individual strategies toward paying off debt are crucial for helping lessen the weight of owing money.

To start, women should consider adding debt into their monthly budget. The debt avalanche and debt snowball methods are two strategies to do so. The avalanche method advocates paying off debts with the highest interest rate first, while the snowball method proposes paying off debts by prioritizing the smallest debts first.[18,19]

Regardless of the strategy, it's important to always make more than the minimum payment.

## 3. Start Saving, Establishing Emergency Funds and Building Credit

When outlining a monthly budget, it's important to set aside a specific amount for savings. Most financial experts suggest keeping an emergency fund with enough money to cover 3 to 6 months of expenses. Such savings can help in the worst of times, such as during a health scare, job loss or family emergency.

Building credit is another way to make financial headway, and you can start by paying off your credit card balances every month to enhance your credit score.

## 4. Plan for Retirement

On average, women live 6 to 8 years longer than men, according to the World Health Organization. Since women often have less than men saved, however, they frequently outlive their money. Women can have a more enjoyable retirement by saving for their later years.

## IV. CONCLUSIONS

### Resources for Financial Independence for Women

From guides and tools to mobile apps, courses and information, a variety of resources are available to help women who want to become more financially literate and independent.

TwentyFree: This website is run by a millennial money expert, financial coach and award-winning personal finance podcaster. It is focused on teaching millennial women how to pay off debt, save, invest for retirement and achieve financial independence.

Money and Mimosas: Money and Mimosas is a financial wellness platform for the self-employed. It also offers a series of guides and resources for freelancers.

Nav.it: Nav.it is a mobile app that assists users in learning about finances, organizing and managing money and providing support. You can also access money coaches and find community support to help you reach your goals.

Hapi: Hapi is an app designed to help parents invest in their children's futures. It also allows close family and friends to facilitate the learning process.

Savvy Ladies: A variety of free financial education resources like Savvy Ladies can empower females to take control of their finances. Savvy Ladies provides a professional network and offers free financial advisors and educational programming.[21]

Your Money Matters - A Financial Guide for Women: This tool offered by the Women's Law Center of Maryland supports and enhances women's financial literacy and autonomy by providing straightforward and useful information about women's financial independence at all stages of life.

Wife.org: The Women's Institute for Financial Education (WIFE.org) is the oldest non-profit organization dedicated to providing financial education to women. WIFE is run by volunteers who help other women find resources to help them prosper and grow financially.

Wiserwomen.org: WiserWomen offers a variety of resources and guides on investing and financial planning for all stages of life. It also provides information about events and networking opportunities.

Financial Independence 101: This free online training course on how to become financially independent. It can help you master your fear of money issues and shape your financial future.[22]

Clever Girl Finance: Clever Girl Finance is a personal finance platform that provides free guidance, products and services to empower women to reach financial independence.

National Financial Educators Council: The National Financial Educators Council offers financial literacy services and resources for low income individuals, including women.

Real Money Answers for Women: This book is geared towards self-sufficient women and provides tips on how to dig oneself out of debt. It's a straightforward read for those looking to get a handle on money issues.

Women's Financial Academy: The Financial Academy provides classes and crash courses related to financial education for women including investing, financial planning and retirement.

The Women's Resource: The Women's Resources offers a six-class series that helps women build up a foundation for a strong financial future. Teachings are designed in conjunction with a nationally recognized expert in the field.[19,20]

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