Women in Conversation
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For every woman who worries about money

BY KATHERINE GREGOR

If you've ever felt a knot of anxiety about your finances, if you've wondered how others seem to afford better lifestyles, if you've ever dreamt of wealth while burdened by debt — take heart. Getting control of your finances begins exactly where you are right now, with the courage to learn, to define clear goals, and to follow through.

Our mothers and grandmothers may not have taught us financial literacy because they didn't have financial power themselves. Historically, women—particularly women of color—were systematically blocked from the power of the purse. Until the later 1800s, married women generally couldn't own or control property. The long shadow of inequity remains; many women today don't feel fully confident managing their own finances. But whatever your finance picture looks like today, the good news is that you can gain the skills to build wealth. Women at every stage of life can educate themselves to competently manage their personal finances.

Genie Del Secco, COO of Summit State Bank, conversed recently about how to do that. "Having a strong foundation of financial literacy is really essential to supporting one's life goals," she said. "It includes knowing how to create a budget, sticking to it, and managing debt. It means tracking your personal spending. It means knowing how to use your money to achieve your goals. Start by defining goals for your life. Those might include education, starting a business, and planning for retirement." Imagine your ideal future level of wealth and financial security. Then create a personal financial roadmap to get there.

To start, "Make sure you're not living beyond your means," said Del Secco. On the income side, "It's essential — particularly for women – to gain the skills to advocate for yourself. We've come a long way — but unfortunately, in a lot of instances, women don't get paid the same amount as men. There is still a wage gap." An essential part of financial literacy, then, is gaining the confidence and skills to make an effective case for a raise, find a better job that pays more, and negotiate a competitive salary. Or perhaps your goal is managing your own business with employees. Del Secco encourages women to ask themselves: "What skills will I need to move to that next level?"

Del Secco does see generational progress; younger women are more confident and assertive. "But it's still not equal to the confidence that I see in men," she observed. Summit State Bank provides financial literacy resources on its website; one resource it recommends is the federal Consumer Financial Protection Bureau (CFPB), which offers online self-help education and other resources. (Visit its "Consumer Tools" page at www.consumerfinance.gov.)

Until the 1970s, banking laws required women to have male cosigners for credit cards and loans. Women and their allies fought hard for the passage of the Equal Credit Opportunity Act of 1974, which finally gave women the right to get credit cards and loans in their own names. "It is important for women to establish credit," Del Secco noted. "We have to incur some debt and establish a history of on-time payments to establish a good credit score. That helps when we do need a loan." A better credit score translates to a car loan or mortgage at a lower interest rate, which saves significant money over time.

Unfortunately, easy access to credit cards can be a pitfall. The pressures of consumerism are all around us. Credit cards give us the illusion that we can live beyond our means.

In the media age, women receive a constant barrage of messages to buy-buy-buy to keep up, look better, and feel good in the moment. Consumerism is deeply embedded into the fabric of our culture. Social media influencers promote tempting products and encourage lifestyle spending. The urge for a quick fix of "retail therapy" can lead women to blow their budgets. Style adds up: The mani-pedis, salon blow-outs, the trendy sneakers or designer heels, celebrity-endorsed cosmetics, or a round of Botox. Online shopping has made it easier than ever to indulge in purchases that offer instant gratification. But the burden of ballooning credit-card debt doesn't look so pretty.

"It gets back to educating yourself," said Del Secco. "Make sure you understand the snowball effects of credit-card debt. It's so easy to go shopping and use a credit card, and just not even think about the financial impact of having to repay that back over time. You have to educate yourself about the impact of a high interest rate on credit cards." That debt compounds, often by around 25% a year. "People are just paying off the interest and not making a dent into the actual principal. Paying down credit card debt can easily become a vicious cycle." She added, "Parents need to teach good credit skills to their children, and to model them."

Of course, strategic "good debt" belongs in a plan to build wealth. Del Secco and personal finance experts define "good debt" as a loan for a major expenditure that is an investment in yourself. A loan can help build wealth if it allows you to gain an asset expected to grow in value. Examples include loans for education (to increase your earning potential), to buy an economical car to get to work, to grow a business, or buy a home.

Summit State Bank and other resources recommend the step-by-step practices below as the foundation for building wealth and financial security. These are in addition to saving for retirement and maintaining insurance.

1. Educate yourself. Make it a hobby to grow your personal finance savvy. Excellent resources are online. Try personal finance podcasts and YouTube videos by reputable advisors. Top books recommended by experts include *Broke Millennial*, *The Little Book of Common Sense Investing*, *The Total Money Makeover*, *Smart Women Finish Rich*, *Get Good with Money*, *Girls that Invest*, *On My Own Two Feet*, *Fiscal Feminist*, and books by Suze Orman. Invite a few friends to join a personal finance book club; read and discuss one book a month.

2. Create a budget and track it. A budget is a proactive tool that puts you in control. Take a couple of hours to review your past spending, and to plan for future expenses. Identify areas where you're overspending or under-saving. Start with the necessities; put a total cost to your monthly essentials. Put another to your budget for "discretionary expenses." Then, add a budget line for automatic monthly deposits (however small at first) into a set of savings accounts. Establish one for short-term goals (like a vacation), one for emergencies (life's no-fun surprises), and one for longer-term goals (like a down payment).

3. Use a budgeting app. Today, excellent budgeting apps are available that do much of the work and math of budgeting for you. (If you're not tech savvy, ask a friendly millennial to show you the one they use.) Look for a free or low-cost app that helps you plan for next month's expenditures, not just review past spending, such as EveryDollar and YNAB. Other highly rated budget apps include CoPilot Money, NerdWallet, RocketMoney, and Quicken. Empower offers a free budget planner and a retirement planner.

4. Build up an "emergency savings" account. Deposit consistently, from each paycheck, into a dedicated emergency savings account. That financial cushion is the kindest thing you can do for yourself. It's there for you when the tires blow out, you visit the ER, the roof springs a leak, or you suddenly need an expensive root canal. Expect the unexpected.

5. Pay off debt: Focus on paying off high-interest debt first. If you have multiple debts, clear the smallest ones fast. To make it easier, join a No-Spend Challenge. (See Tik Tok.) Join others making the commitment to pay (cash) for essentials only, for a period of time, until you pay off your debt and establish a healthy savings account.

6. Learn about investing and get started. First, build the three savings accounts mentioned earlier. Ideally, in time, save up three to six months of living expenses. Once your savings are solid, educate yourself, or talk to a trusted and licensed advisor so you can start investing for the long term. Many choose a diversified portfolio and there are various options to choose from including stocks, bonds and real estate. Taking calculated risks is effective in growing money, just don't speculate with money that you can't afford to lose! No matter what your age or situation, NOW is the time to get started in building your financial security.