



Do You Rely on Your Spouse (Particularly Your Husband) to Make Financial Decisions?

In a 2021 study conducted by professors at Ohio State University and the University of Alabama, researchers concluded that there was a clear gender gap with respect to who took care of the finances in a married household. It was more pronounced at higher wealth levels. Using data from 2016, they discovered that 56% of husbands were seen as more knowledgeable with finances but that figure jumped to 90% for the families in the top 1% of the wealthiest. The authors stated: "Our results suggest many of these wives may not know enough about their household finances, which may be critical if they are ever widowed or divorced."¹

Global wealth management and banking giant UBS conducted its own study and found: "Seven in 10 men say they take the lead on long-term financial decisions. Overwhelmingly, they believe they know more about long-term finances than their spouse." However, "both women and men agree that making long-term financial decisions together would increase their confidence in the future, minimize financial mistakes and reduce anxiety about money." In addition, "nine in 10 [men] wish their spouse was more involved in long-term financial decisions."²



Another interesting finding in the UBS study was that millennial women were more likely to leave financial decisions to their husbands than those in the older generation.

What does that mean from a planning perspective?

1. Both spouses would be better served by being involved in the planning process because no matter who makes the decision, it will ultimately affect the other's financial security and well-being.
2. Having both spouses involved will result in a greater sense of confidence and financial security, particularly if something happens to one spouse such as illness, disability or death.
3. Dual input in planning is vital, particularly in blended family situations to ensure fairness and to avoid unintended consequences or family feuds.
4. Participation by both spouses counterbalances any possibility of a spouse succumbing to the "illusion of invulnerability" which is a "well-documented psychological phenomenon which describes a tendency to underestimate our susceptibility to misfortune and premature death." Closely related is that many husbands may "believe their stable career and savings will be sufficient to secure their wife's future without specialized insurance or estate planning." Author, Dan Solin, examines this phenomena in a financial article and in his new book.³
5. Whomever is the primary breadwinner in the family must be adequately insured with life and disability income insurance to help achieve financial security for the other spouse and family members. In dual income families, both spouses must be adequately insured.

6. Spouses who may be homemakers and/or the primary caregivers of minor children must similarly be adequately insured to help achieve financial security for the other spouse and family members.

7. A good financial services professional will consult and involve both spouses in the planning process.

By doing all of this, we can better avoid the "widowhood penalty." Part of this penalty is a result of "men failing to ensure their wives are financially secure if tragedy strikes."⁴ The other parts are the quirks in various tax laws which may result in lower Social Security benefits and higher income taxes for a single person versus a married couple. Family wealth may also be lower for the surviving spouse because of wealth depletion due to healthcare costs incurred by the decedent spouse.

While the studies focused primarily on heterosexual married couples, the advice applies equally to same-sex married couples.

The bottom line is that married couples need to plan properly to avoid the widowhood penalty.

For More Information Contact:

To get the process started, contact your local Security Mutual life insurance advisor today. As part of the planning process, they will coordinate with you and your spouse, along with your other advisors as needed, to assist in achieving your financial goals and objectives.



1 Hanna, Sherman D., Kyoung T. Kim, Suzanne Lindamood and Sunwoo T. Lee. "Husbands, wives, and financial knowledge in wealthy households." onlinelibrary.wiley.com. <https://onlinelibrary.wiley.com/doi/full/10.1002/cfp2.1110> (accessed April 5, 2024).

2 UBS Media. "UBS Own Your Worth report finds that only 20% of couples participate equally in financial decisions." ubs.com. <https://www.ubs.com/global/en/media/display-page-ndp/en-20210506-own-your-worth.html> (accessed April 5, 2024).

3 Solin, Dan. "The Widowhood Penalty: Neglecting Spousal Financial Planning." advisorperspectives.com. <https://www.advisorperspectives.com/articles/2024/04/03/widowhood-neglecting-spousal-financial-planning> (accessed April 5, 2024).

4 Solin, Dan. "The Widowhood Penalty: Neglecting Spousal Financial Planning." advisorperspectives.com. <https://www.advisorperspectives.com/articles/2024/04/03/widowhood-neglecting-spousal-financial-planning> (accessed April 5, 2024).

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