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## **Women home ownership and planning for the future for financial health and well-being**

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The last thirty years have been witness to a tremendous and unprecedented increase of home ownership by women. A recent report published by the Joint Center for Housing Studies of Harvard University noted that the number of households headed by single women increased by nearly 10 million from 1980 to 2000<sup>1</sup> and, more recently, single women have out-purchased single males in both the first-time home buyer and repeat buyer categories by a margin of nearly two to one.<sup>2</sup>

Since more and more women are holding the real estate purse strings, what are some of the steps they need to take in order to safeguard what is, for most people, the single most important investment of their lives? Well, a look at a few of the problems that arose in the recent sub-prime debacle offers some useful insights and serves as a cautionary tale for women's future financial security and well-being.

Recent statistics confirm the unpleasant reality that women were often singled out and "steered" in the sub-prime direction. While the Fair Housing Act of 1968 and the Equal Credit Opportunity Act of 1973 brought an end to discrimination against women attempting to obtain a mortgage, it in no way stopped unscrupulous lenders from targeting single mothers for high interest loans, with the lure of a home for their children as the bait. Older women did not escape unscathed either. They were led to believe that, by refinancing their homes, they would be able to ensure their future financial security into old age. It is also important to bear in mind that women expend significantly larger portions of their incomes on purchasing and maintaining a home than their single male counterparts. That leaves them with fewer dollars to spend on other investments, saving for college tuition, and discretionary spending.

In spite of that sobering information, there is still good news. Home ownership remains one of the best investments a woman can make. Recent studies also show that female "boomers" who own their homes are much better off financially than their counterparts who continue to rent. Women homeowners can opt to use the equity in their homes to offset increasing medical and associated costs as they age, and home ownership in general is listed as a primary source of wealth for most seniors.

If they haven't already done so, both current homeowners and prospective buyers should assess their current financial situation and formulate their goals for the future. Do you want to send your children to college, or buy a summer home in the mountains? These goals require a plan for the future. Your plan should be clear, succinct, and straightforward. Most importantly, you must be able to implement it. So, having an accurate picture of your finances and a plan for growing and protecting them is vital.

Secondly, start saving right now and meet with a trusted advisor to discuss investment strategies and financial planning that make sense for your own unique situation.

Thirdly, don't over-extend, over-spend, or damage your credit score. If you are just entering the housing market as a first-time buyer, you already know how critical it is to have a nearly impeccable record these days in order to qualify for a mortgage. Developing good habits from the onset will serve you well later on. If you're already a homeowner, start that rainy day fund and set money aside for unexpected events.

Finally, more good news and bad news. The good news is that we're living longer. The bad news is....you guessed it, we're living longer! It is vital to consider and plan for rising medical and insurance costs as we age. We need to have an effective strategy in place that may include long-term care disability insurance, a living will, setting up a durable power of attorney, and short and long-term investments that will provide the best returns, while also allowing for liquidation of certain assets when necessary.

We can learn from our recent history and begin to implement strategies to ensure that home ownership will continue to be one of the best decisions a woman can make to secure her future financial health and well-being.

Footnotes:

1Joint Center For Housing Studies Of Harvard University. The State of the Nation's Housing: 2009, (June 22, 2009): 1-5.

2National Association of REALTORS. 2011 NAR Profile of Home Buyers and Sellers. (Chicago, IL, 2010): 6-23.

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