

Finance beats flowers for Mom

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Jewelry stores, florists and retailers have been busy creating storybook gifts to honor mothers today.

I'd like to propose one more perfect gift for mom: financial knowledge and confidence. Those who love her should realize that the lady at the table has likely sacrificed a chunk of potential retirement savings and future financial security in taking on the role of No. 1 mom.

Consumer advocate Eleanor Blayney considers motherhood from strictly a business view. Outside of Social Security, as Americans our ability to retire comfortably starts with how much we earn: our human capital. As such, motherhood affects the return on a woman's human capital.

It's risky to look at motherhood in such terms, which might strike some people as cold, cynical or just plain harsh. But the truth is that motherhood entails real costs, costs that may be worth it but that need to be understood, says Blayney, who is herself a mother.

I'll call it the price tag of mommyhood. I have seen numerous estimates of the cost to raise a child, the projected cost to send that child to college and calculators that show how much interest can be saved by prepaying a mortgage, but I've never found an equivalent for the financial impact of motherhood.

So much of what women do as mothers is missed in our economy, because it's not monetized or assigned a dollar value, says Blayney.

Financial planning for a woman in many ways has to be different, says Blayney, the newly appointed consumer advocate with the Certified Financial Planner Board of Standards, where her goal is to help women boost their financial savvy and lead their families in taking charge of their personal finances.

Generally women are going to live longer than their male partners, so their retirement savings must cover more years. Workforce participation by women will likely be interrupted by childbearing and taking care of aging family members. That affects a woman's Social Security earnings record.

The time off hits her potential retirement savings as well, as she is not making 401(k) and IRA contributions when she is away from the workplace. Blayney estimates a six-year career hiatus results in 30 to 40 percent less in a retirement account.

By one estimate, there is a 5 percent wage penalty for every child a woman has during her working life, she said. Children or not, the wage disparity between women and men persists. Women earn 78 cents for every dollar a man earns for full-time work. The gap is even bigger for African-American women (63 cents) and Latinas (52 cents), according to the Women's

Funding Network.

I asked Blayney for a few alternative Mother's Day gifts in lieu of flowers and earrings. Among them:

Permission to finance her retirement account. Redirect spending from the latest video game or toy for your children into an account set up just for mom. Note to husbands: This is not the family vacation fund, nor the piggybank for the second honeymoon, but an account not to be touched until her retirement.

Get her some skills. Mothers experience skill attrition while out of the workforce with children. They can get additional training during their time off to keep skills sharp while planning a re-entry to the workplace, Blayney says.

While not working, married women should take advantage of spousal investment retirement accounts, which have the same contribution limits as those for working people. That limit is \$5,000 this year, and \$6,000 if you're older than 50.

An appointment with a certified financial planner -- for her. Relationships change, and women need a clear understanding of their financial footing whether they're in a relationship or not. "You need to plan for yourselves as a couple and as individuals," she said.

Mothers must remember to help themselves first. "The most important thing you can give your children is your own financial welfare and independence," Blayney says.

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