



Consumer Federation of America

FOR IMMEDIATE RELEASE
Tuesday, December 2, 2008

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"WOMEN ON THEIR OWN" IN MUCH WORSE FINANCIAL CONDITION THAN OTHER AMERICANS

Analysis of Fed Data Shows They Earn and Save Much Less

Washington, DC – The 26 percent of all households headed only by a woman earn, save, and have accumulated far less wealth than have other American households, according to a Consumer Federation of America (CFA) analysis of the most recent data collected by the Federal Reserve Board's authoritative Survey of Consumer Finances.

"Clearly women on their own face far greater financial challenges than do other Americans," said Professor Catherine Montalto of Ohio State University, co-author of the analysis.

"Useful financial advice and assistance should be made available to women who support themselves, especially those who are single, separated, or divorced," said CFA Executive Director, Stephen Brobeck, who co-authored the analysis.

The financial differences between the 31 million women who head households themselves and all U.S. American households are substantial, according to Survey of Consumer Finances data collected in 2004 and released in 2007. The typical (median) household income of the women was \$22,592 while that of all households was \$43,130.

The wealth-gap is even greater than the income-gap. Women on their own had a median net worth of \$32,850 compared to \$93,001 for all households.

The wealth-gap reflects not only income differences but also differences in the frequency of saving. Thirty-three percent of the women, but 41 percent of all households, said they "save regularly." And 33 percent of the women, but only 24 percent of all households, said they "don't save."

Never married, divorced, or separated women are particularly vulnerable financially. The never married reported that less than half (47%) had a savings account or money market deposit account, and those who did typically held only \$1,100 in these accounts. Yet, these women reported a typical level of savings needed for emergencies and other unexpected events of \$2,000.

Divorced or separated women also reported that only half (50%) had a savings account or MMDA, and those who did typically held \$1,600 in these accounts. Yet, these women also reported a typical need for emergency funds of \$2,500.

"This emergency savings gap makes one vulnerable not just to unexpected expenses but especially to loss of income in an economic downturn," noted CFA's Brobeck.

According to the Fed data, 31 million households are headed by women on their own – 9 million by the never married, 12 million by the divorced or separated, and 9 million by the widowed. (All figures rounded off to the nearest million.) The never married tend to be young, with over half being under 35 years of age. The divorced or separated tend to be middle-aged, with over half being between 35 and 55 years of age. And the widowed tend to be old, with well over two-thirds being at least 65 years of age.

CFA is a nonprofit association of some 300 consumer groups that, since 1968, has sought to advance the consumer interest through research, advocacy, and education.