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## **Fresh Invest S4E2 Transcript**

**Episode Title:** Women's financial wellness

**Episode Description:** Women and men can have very different lived experiences when it comes to money. We talk through what some of these differences are, discuss how they impact financial planning, and explore investing strategies that support women's unique financial goals.

### **Transcript:**

Alex Lieberman:

What's up everyone? I'm Alex Lieberman, co-founder and executive chairman of Morning Brew. Welcome to season four of Fresh Invest, the podcast where we explore all things investing. Sponsored by Fidelity Investments and powered by Morning Brew.

This time around, we are exploring strategies and tips to help you invest wisely wherever you are in life. With help from our friends at Fidelity, we'll dive into the investing lifecycle in the context of today's market landscape, emerging trends, and long-term wealth building strategies. Let's get into it.

Last week we kicked off the season by talking about the economic landscape and market trends, plus some of the investing vehicles well-suited for these conditions. This week we're diving into what financial wellness looks like for women, from legal rights to cultural norms. Women and men have historically had very different lived experiences when it comes to money. And while every person's experience is unique, today we'll talk generally about what those differences are, how they impact financial planning, and which investing strategies might be well-suited to support women's financial goals.

To shed light on this very important topic we have not one, but two special guests with us today. Morning Brew's very own Katie Gatti Tassin, as well as Lorna Kapusta, head of women and engagement at Fidelity. Thanks so much for joining Fresh Invest.

Lorna Kapusta:

Thank you for having us here today.

Alex Lieberman:

Before we hop into obviously an incredibly important conversation, we'd love just to cover some intros first. So Lorna, let's start with you.

Lorna Kapusta:

You introduced my title, but I think more than anything else what's important and what I do day and night is focused on helping women work as hard as they do. Across the firm we're really focused on making sure we're building experience, offerings and solutions that are built to support women, given that they do have a different life and financial journey. I also am the host of our Women Talk Money community, which I'm hoping we can get into a little bit. Hundreds of thousands of women come together to talk about money, opportunities and actions they're taking, and it's something really cool that I'm hoping more women do with us.

Alex Lieberman:

Awesome. And Katie?

Katie Gatti Tassin:

Yeah, I'm Katie. I am the face and voice behind Money with Katie on the internet, and I really just like having conversations about money and money adjacent topics and couching everything in that broader systemic context that we exist within, often with that specifically female lens because we aren't making these financial decisions in a vacuum, and it's really important to be considering the reality that we're operating within.

Alex Lieberman:

Totally. Obviously, we're going to talk a lot about what the lived experience for women financially is today, but I think in order for our listener to understand that it needs to be put into a broader historical and cultural context. So Katie, do you want to share some of your perspective on how history is informing where we're at right now?

Katie Gatti Tassin:

Sure. I think for me, the broadest thematic trend that's worth highlighting is that financial autonomy for women is historically speaking so new. It is so new. And we still have so much work to do because it wasn't even until 1974 that a woman could even get access to credit without her husband's approval. And historically, the act of getting married as a woman, it was basically you transferring ownership of yourself, your income, your assets from your father to your husband. So that's kind of the historical context that we are working with and coming out of. And I think that a really big issue that I see today as it pertains to women and money pertains to labor, and the fact that we kind of negotiated those gendered division of labor norms during the industrial revolution, and we still are dealing with a lot of vestiges from that time period today.

So we know from the American time you survey that women today, women who work full time today, still spend on average at the statistical aggregate one hour more per day doing unpaid labor around their homes, caring for family members. This is true, Alex, even of bread-winning women, the women working full-time that are actually the primary earner, it's still true for them. So this is what we are up against. This is in my mind, the strongest sociocultural factor that we're contending with because obviously this is going to bleed into your ability to do paid labor and ascend in your paid career.

Alex Lieberman:

It's just crazy to me how some of the things, like you talked about, what access was given to credit in 1974, how recent things that, from my perspective, so obviously would've existed hundreds of years ago. It's insane.

Katie Gatti Tassin:

Right. Yeah, I know.

Alex Lieberman:

Lorna, anything you want to add on the historical or cultural front?

Lorna Kapusta:

Yeah, I think it's great that you hit on the facts and culturally and I think things are still changing. I can go back to a time most recently where we're still talked about as women it's not polite to talk about money. And I would say that that doesn't exist today, but I will tell you that it's still prevalent. What's so interesting is Fidelity did research recently that really looked into boys and girls and who's comfortable about talking about money, how much do they know about it? And the reality is those same differences start really early today and we could talk more about that.

But I'll tell you, I think what's most important, we're talking about fast forwarding 30, 40 years later, women are becoming more independent and financially independent. And even when they're in a relationship with somebody else, they're really thinking about themselves. And what women need to recognize more than anything else is we do have a different life journey. Some really good stuff actually we live longer on average, but coming with living longer, we have higher healthcare costs. And it's not just later in life, but it's actually throughout our life it's about 20 to 25%. You mentioned caregiving, Katie. The reality is there's cost of caregiving and there's potentially time out of the workforce. And what is also new is that more women are earning degrees that's undergrad and grad degrees, then their male counterparts. It's awesome because that's news of good things happening, but now we've got two thirds of the student debt. So all of these factors need to be taken into consideration as we're figuring out how to live for today, tomorrow, and the future.

Alex Lieberman:

Absolutely. I want to talk about the gender pay gap. And in 2022 the Department of Labor reported that women make 84 cents for every dollar that a man makes. Obviously that stat in itself is striking, but I think as important is understanding what the trickle-down effects are of that statistic. I want you guys to talk about that and let's start with Lorna.

Lorna Kapusta:

Sure. The reality is the pay gap, it's all about how much you make you're taking it in every paycheck. A lot of people from that paycheck at the basic level are looking to save for retirement and think about their spending needs every day. Retirement is a great example. If on average you're taking 10% out for retirement, if you're making a lower amount of money, the reality is you're going to be able to save less. And so if you think about that over time, it's called compounding. But I just think about that buildup over time, the reality of what you save for the future as well as even what you're able to spend today really becomes problematic. And I just talked about all those differences that we need to pay for. So if you look at that overall, it's an issue.

But I would say it's not actually just the wage gap that becomes important, the other gap that I think about is while we're still at 84 cents on the dollar, the reality is there's something called the investing gap, which to me can fight against the pay gap. The investing gap is just that oftentimes women are putting money their cash that's in addition to retirement into a savings account. Where men are taking that money and they're investing it. And in a savings account you're generally earning something like less than 1%, where investing, over time the historical returns are so much more. And so we've got an opportunity to get more women to make sure that they're making their money work as hard as they do through investing. And we're making strides, which is good, but not enough and so we've got to do more.

Alex Lieberman:

Totally. And I think you hit on a point we're going to talk about in a minute as it relates to the financial knowledge gap. But Katie, I want to just see if you have any thoughts on the gender pay gap?

Katie Gatti Tassin:

For sure. I think what's been really interesting about the shift we've seen in gender pay gap research is that it's moving more in the direction of studying sociocultural factors and family structures as opposed to, oh, people must be individually biased against women. There must be something else going on there. And what they're finding is that the current structure of work has long favored the employee that is more readily available basically at all times, and in our current structures that more often than not tends to be truer of male employees than female employees because oftentimes you have this caregiving gap at home where women have other responsibilities that they're shouldering outside of work. And again,

we're talking at the statistical aggregate, so that might be different for each and every household, but we are seeing some encouraging numbers out of cities like New York, LA, DC where women are earning as much as or out earning their male counterparts. But I tend to feel only cautiously optimistic about that data because what we see is that the gender pay gap tends to become exacerbated as men and women age, as their careers, their families, their responsibilities at home progress that's where things start to diverge more and more.

So it is encouraging now that we're seeing young women doing so well, but what will be really encouraging is if we can see that trend continue when a lot of these young women become mothers.

Alex Lieberman:

Totally. Lorna, you mentioned a minute ago kind of the difference in behavior between men and women as it relates to what they're doing with the money that they are making from their profession. And I want to talk about this concept of the financial knowledge gap, which I think is less talked about than the gender pay gap. Can you talk about what that looks like and the impact that it has on women in the workplace?

Lorna Kapusta:

Yeah, I mean it starts with just thinking about financial literacy, which creates financial confidence, particularly I would say for women and girls, of course for men as well. But the financial knowledge gap from what we've seen starts really early. And what we saw that's so interesting in our research is when you talk to young girls and young boys and you talk about basic financial concepts, I'm talking like a debit card or setting up a savings account, the literacy is consistent. Then when you start mentioning things like stocks, mutual funds, ETFs, what you really see is this divergence where boys are feeling a lot more confident, knowledgeable, and girls seem to come down and they really start to talk about feelings of being more overwhelmed or nervous around these concepts. So no surprise if it starts that early and then fast-forward to years later, what we always see is that women, when it comes to you ask them about money, stress is the number one word. Where men, it's often hopeful or optimistic.

And so that gap just is something that we've really got to start to get it much earlier, but also for women across generations there's a lot more that we can do today. And I'll tell you the good news is we are seeing a change. Where we look at older generations relative to younger generations, and it's very, very clear that younger generations we're seeing some real movement. And the good news is for women overall, when we talk to them over 90% have said over the past couple of years they've been making money moves and taking money into their own hands and making good actions for themselves and their families. So that's at least some positive in this situation.

Alex Lieberman:

Katie, one of the reasons I'm so excited you're part of this conversation is because I feel like you're doing so much of the work

Katie Gatti Tassin:

Oh, thank you.

Alex Lieberman:

... to combat the gap that we're talking about right now, but I'd love to hear your perspective on the financial knowledge gap and how you think about it in the context of women and their money.

Katie Gatti Tassin:

Yeah, I think doing and being Money with Katie has been illuminating in a lot of ways for me because

what I started to see is that, oh, actually there are a lot of people kind of regardless of gender that don't actually know all that much about how to manage money. And to your point, I think I have seen, at least anecdotally in my own work and in recent surveys, that the gap today is it's pretty small. US Bank found that 60% of men feel confident about their financial decision making compared to 55% of women, it's not a chasm. And I think that this idea that there is this populace of women out there that doesn't know what they're doing and isn't interested, I don't think that that reflects reality at all, which is really encouraging. I think it does reflect a lot of progress.

But I do think that this piece about socialization is hugely important because investing is something that in my mind has a higher perceived risk than actual risk. And actually what's riskier in the long term is not investing, but if you have one gender that is traditionally socialized when they're very young to be brave and take risks and one that really isn't, that's more about playing it safe or stress that, oh, you can't make mistakes, you have to be perfect. Well, is it any surprise then that the former is probably going to be more apt to do something that they perceive as risky? Probably not. And so I think that that socialization piece of even young children is really huge.

Alex Lieberman:

Super interesting. We've spent up to this point in the conversation really setting the context for the difference experiences that men and women have as it relates to their money and as it relates to investing. Now I want to talk about where we are at the present. Obviously over the last, let's call it, year and a half we have went from a very inflationary environment still to a point where inflation is higher than the long-term average, it was at 9%, now it's closer to 3%. And a 2022 study found that inflation disproportionately impacts women. The study found that men are 33% more likely than women to have their salary keep up with inflation. And on top of that, the price of products that cater more to women outpace the inflation relative to men's products. So how can women be thinking about strategies and frameworks for how to combat the impact of inflation on their wallet?

Katie Gatti Tassin:

In my mind, the reason that we're seeing the price of women's products outpace men's is because those products, many of them were already more expensive to begin with, and so 10% of a bigger number is going to be a bigger number. And so this is something that is colloquially known as the pink tax. It's the way that if something is marketed to women explicitly, it tends to have a meaningfully higher price point than if it's marketed to men. You see this particularly in the health and beauty sector. And I know this isn't the fun and sexy answer, but in my mind, a big solution here is limiting consumption and recognizing that a lot of the things that you're being marketed as a woman it's just that, it's just marketing. You don't need them. And if you ever have any doubt that women are kind of the laser focus of a lot of these industries, just take a stroll down the health and beauty section in your local supermarket and look at all the anti-aging products that are targeted to women and then go ask where the anti-aging products for men are. You're probably not going to find any or very many at that. So I think limiting consumption is the whomp-whomp answer, but it's probably one of the most helpful things you can do.

Alex Lieberman:

Yeah, no. It's an interesting thing to think about how actually the drive of change share will be consumers consuming differently because then it will train marketers to be more responsible in the way that they're marketing their products. Lorna, what are your thoughts on this?

Lorna Kapusta:

My sense is that, and we see data, women are often the purchasers for themselves and the households, and we talk about inflation being a big stressor. Well, of course they're facing it every day. I mean, I'll tell you, I take my kids to the store and even my teens are recognizing like, wow, stuff is more expensive. And

I know we always look at the negative of these economic movements and inflation. What I often think about is it's like every other life event, divorce, death, having a baby, it's a time to get in there and reevaluate your money, your paycheck coming in and how you're spending that paycheck, saving and investing.

The other thing that I think about is there is a flip side, and I know I've enjoyed the flip side, often you hear this headline, the Federal Reserve is raising interest rates, which is obviously a part of this whole scenario. And a lot of people think negatively about that. Like, oh my god, no inflation, cost of goods, et cetera. There's a positive, it's an opportunity for our cash to actually earn more interest. And you could take advantage of so many opportunities to take any cash that you have where it used to be earning, let's say 1%, now there's an opportunity to get it to be earning 4, 4.5, 5%. And I've loved every moment of being able to see that because it doesn't come along often.

Alex Lieberman:

Love it. I want to finish the conversation with some wisdom and specific tactics. You already actually shared a few of them, but I want to keep it going. For our listeners, specifically women who are just starting to dip their toes in the world of investing and financial wellness and potentially they find it daunting and they're trying to figure out where to start. What do you guys say to them? Lorna, let's start with you.

Lorna Kapusta:

So first, I think anyone who is just starting or recently started or has been an investor, awesome because that's what we all want to be doing. I think what everyone may not be aware of is the options. Number one, you could do it yourself, and there's so many great resources that are available online today, but you got to take time. You got to keep on looking at it. And it's a really easy way to get started, you can actually start with very few dollars.

And the thing that I did not know, if you don't, you start to do it yourself, not good for you, don't go the digital route, is actually you can call a financial institution. I will tell you Fidelity, had no idea, for free, no strings attached, don't need to be a customer and you could say, hey, I want to get started investing, but I don't know what to do and they'll help you along the way. And I think that that's really cool. I wish someone had told me that years ago because I never knew that that was an option.

And if you're not ready for that and you want to just learn more, I mentioned the Fidelity's Women Talk Money community. You can actually go to [fidelity.com/women](https://fidelity.com/women) and sign up. It's free. You don't need to be a customer. We just talk money, kind of like you all do. And we talk about different situations, everything from how to start investing, pay off debt, and it's just really great to have the support of so many women and those who have been through it, sharing tips, I would say tricks, but just kind of the know-how to take action.

Alex Lieberman:

Love it. You just basically gave the crawl, walk, run to listeners. Super helpful. Katie, what about you?

Katie Gatti Tassin:

The best thing you can do is just take advantage of the fact that you live in 2023. Think about how your grandma would've needed to invest if she even were, "Allowed" to do so. She'd have to go hire a stockbroker, she'd have to get her husband's permission, she'd have to be paying him a commission, a fee, every single time, directing him what to buy. I mean, it's just friction on friction on friction. And she probably would've to use a physical newspaper to figure out what stocks she wanted to buy. Now you pull out a phone, if you have a phone or a computer, an internet connection, \$5, you can have an expert diversified portfolio in like 10 minutes by answering a couple questions online. And so I think that that's the biggest leg up that young women have today on maybe women's of previous generations when it came to ease and access to invest is that it has never been easier, cheaper. The barrier to entry has

never been lower, and I think that that's kind of the magic, the special sauce that we can take advantage of.

Lorna Kapusta:

Start with this little as a dollar. How cool is that?

Alex Lieberman:

Yeah, the barrier is so low, guys, this is so good, such an incredibly important conversation, and you two are literally best in the world at having this conversation. So I'm grateful that you guys were here to have this conversation, and thank you so much for joining Fresh Invest.

Katie Gatti Tassin:

Thank you.

Lorna Kapusta:

Thank you.

Alex Lieberman:

Thank you so much for tuning into Fresh Invest today. I hope this episode gave you something to think about, whether it's reflecting on your own experience or considering a different perspective. I hope you also gained a deeper understanding of the investing tools and strategies that can help support women's financial wellness. A discussion of women's financial health can never be one size fits all, but our goal is to help you navigate your unique financial circumstances. Join us again next week to learn how investing habits vary across different generations, we'll explore emerging investing trends from boomers to zoomers. Taking a look at the pros and cons of each strategy, you might end up learning something new about your own generation, so stay tuned and I'll catch you next episode.

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