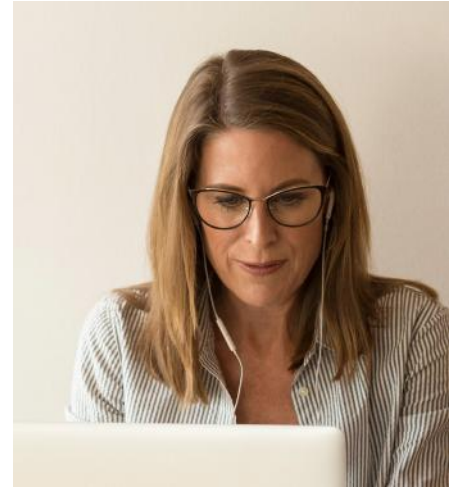


• W O R T H Y •



Building a Financial Fresh Start

A Financial Study on Divorced Women by Worthly

JUNE 2018



In Partnership with Laurie Itkin (CDFA) and the Association of Divorce Financial Planners.



TABLE OF CONTENTS

Introduction.....	3
About The Participants.....	4
Financial Focus When Married.....	6
Financial Impact of Divorce.....	10
Divorce & Money: Becoming Fearless.....	12
Divorce & Money: Creating Opportunities.....	15
Career Choices After Divorce.....	18
Moving Forward: Future Planning.....	21
Realized Opportunities.....	25
About.....	26



INTRODUCTION

During National Financial Literacy Month 2018, Worthy invited its customers, newsletter subscribers, and social media followers to participate in a divorce financial study which looked to identify the financial fears, concerns, and opportunities of today's divorced women so that all women—regardless of marital status—can be proactive and take control of their financial lives.

Worthy, an online auction marketplace, conducted the study in partnership with **Laurie Itkin**, a certified divorce financial analyst (CDFA) and member of the Association of Divorce Financial Planners (ADFP). While numerous studies regarding women and wealth have been conducted, this survey breaks ground in that it is the **first large-scale study** focused solely on women's finances throughout the divorce journey, with over 1,700 participants from across the country.

ABOUT THE PARTICIPANTS

Understanding the Financial Health and Awareness of Women Across All Stages of Their Divorce Journey

Worthy’s clients, newsletter subscribers and social media followers were among the 1,785 women from around the United States that took part in this survey. To help better understand the financial challenges of the divorce journey, the survey asked for the ages of the participants and where they were in the divorce process.

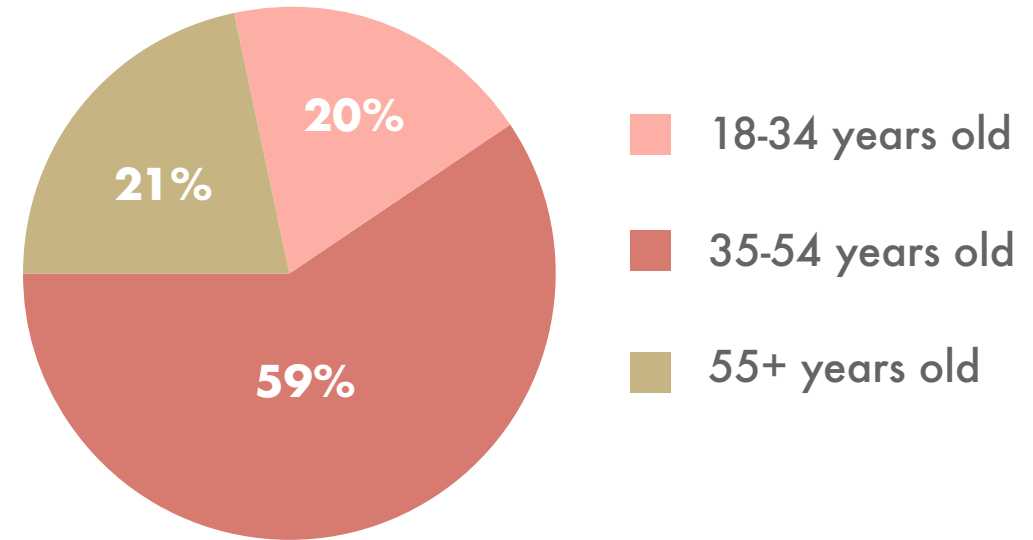
What stage of the divorce journey are you on?	18-34 years old	35-54 years old	55+ years old	All Respondents
Divorce is on the horizon	37%	26%	26%	28%
In the midst of divorce	19%	16%	5%	15%
Divorced and determined	44%	58%	67%	57%

Geolocation

Women from across all 50 states took part in the survey. California, Florida, Texas, New York and Illinois were the states with the highest amount of participants.

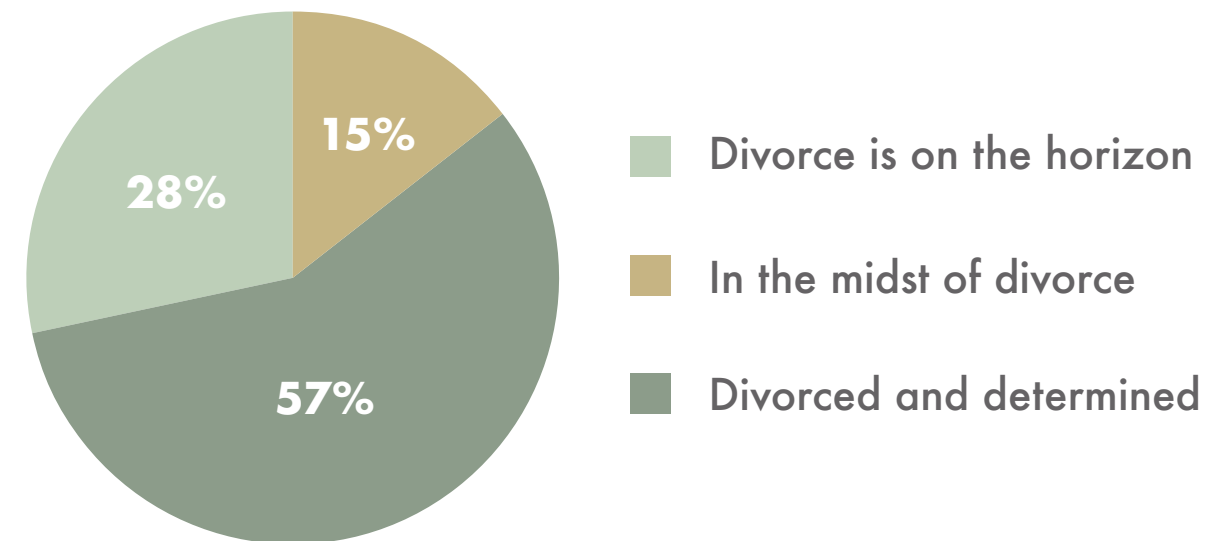
Age

The participants fell into three age groups: 18-34 years old, 35-54 years old and 55+ years old. Most women identified as the middle bracket.



Stage of Divorce

The survey defined three stages of divorce: 28% of women described divorce as on the horizon, 15% were in the midst of divorce and 57% were post divorce .



FINANCIAL FOCUS WHEN MARRIED

One in Five Women Abdicated Control of Money to Their Husbands

In order to better understand the impact divorce has on women's finances, the survey took into consideration their role while married. During their marriages, women took on different levels of financial responsibility, from leaving all concerns up to their husbands to being directly involved in their family's savings and investments.

After a divorce, women have no choice but to take responsibility for all household functions including earning money, saving and investing for the future, and paying bills. When asked what their financial focus was during marriage, half of the women surveyed stated their focus was paying the bills. Yet only 13% defined themselves as breadwinners and only 14% focused on saving and investing for the future. Strikingly, 22% of women surveyed relinquished control of their finances to their husbands. Based on these results, it is no surprise that after a divorce, many women struggle to maintain the same financial standard of living they had during the marriage.



51% of the women are the household leader paying the bills.



22% relinquished all responsibility for managing the couple's long-term finances.





“ Throughout my marriage, I took a back seat when it came to finances. I had chosen to enter a career that did not offer a high earning potential and when I became pregnant, I decided I would stay home with my son. My ex was in finance. Well, more than that, he was a financial wizard. So somewhere along the way I made the decision to hand over all financial related issues and decisions to him. I turned a blind eye and just trusted that part of my life to be taken care of for me. ”

—Jennifer B., New York, Writer and Transformation Coach.

A Lesson to Learn From the Connected Generation

While only 14% of the respondents stated that their main financial focus while married were savings and investments, we identified significant variations among age groups. 21% of 18-34 year-old women had focused on their long-term finances during their marriage, presenting a 6 point difference compared to the 55+ year-old segment and a 10 point difference compared to the 35-54 years old segment.

In line with this finding, a recent study by NerdWallet¹ states that millennial parents are saving more than their Generation X and Baby Boomer counterparts. They are contributing a median 10% of their annual income to retirement savings, compared to the 8% and 5% that Generation X and Baby Boomer parents are contributing respectively.

What was your main financial focus when you were married?	18-34 years old	35-54 years old	55+ years old	All Respondents
Paying the bills	47%	53%	51%	51%
My spouse took care of the finances	22%	24%	18%	22%
Savings and investments	21%	11%	15%	14%
Being the breadwinner	10%	12%	16%	13%

¹O'Shea, Arielle. "Millennial Parents Outpace Gen X, Boomer Parents on Retirement Savings." NerdWallet, 2017, www.nerdwallet.com/blog/investing/parents-retirement-study/

FINANCIAL IMPACT OF DIVORCE

Nearly Half of Women Experienced Financial Surprises During Their Divorce

An astounding 46% of women surveyed said that divorce brought with it financial ‘surprises.’ According to Laurie Itkin, CDFA, this can be attributed to the financial literacy gap between men and women. Surveys reveal² that as a group, women are less financially literate than men, allowing women to be detached from their finances during marriage. Itkin asks: “Single women are solely responsible for knowing everything about their finances. Why should marriage be a trigger for getting sucked into financial ignorance?”

By examining the different stages of the divorce process, the survey indicates that 59% women were met with surprises once they had begun the divorce process and 48% once their divorce was finalized, compared to 34% of women who had not yet started divorce proceedings.

Were there any financial surprises that came up during your divorce?	Divorce is on the horizon	In the midst of divorce	Divorced and determined	All Respondents
No	66%	41%	52%	54%
Yes	34%	59%	48%	46%

²Mosbergen, Dominique. “The Gender Gap That No One’s Talking About.” Huffington Post, 14 Aug. 2016, www.huffingtonpost.com/entry/financial-wellness-literacy-gender-gap_us_578dcf76e4b0c53d5cfabc3f



Staying In The Dark Was Not An Option

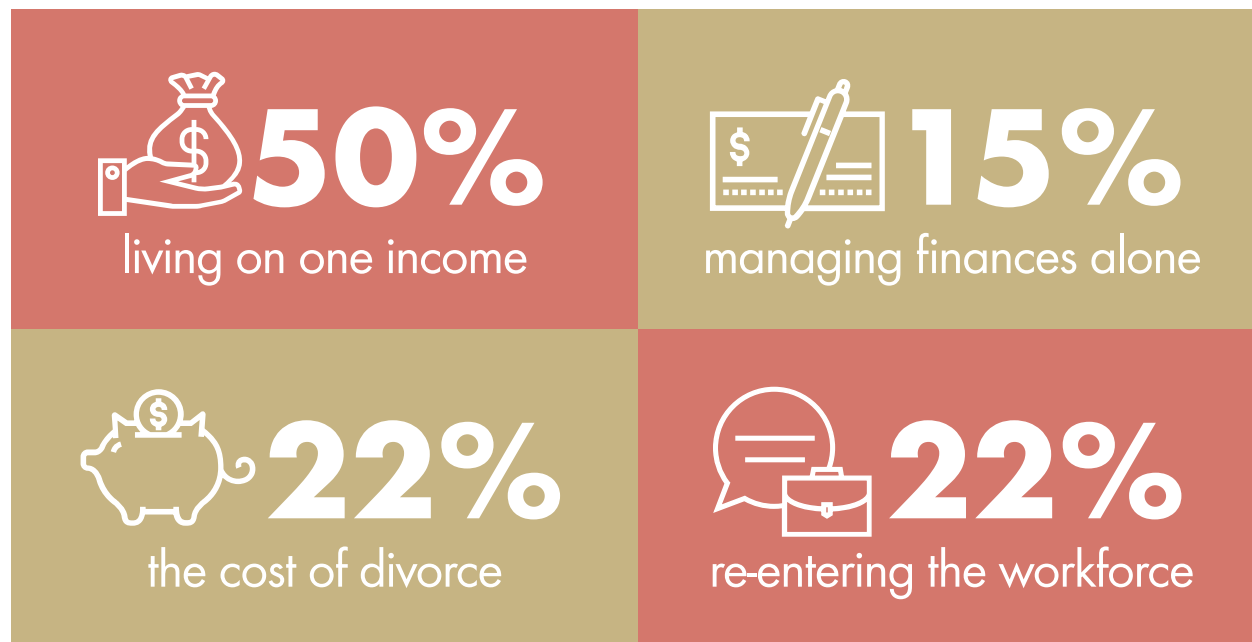
Being in the dark about my finances during my marriage was not smart. Staying in the dark after the divorce was not an option. From the very first day I took back control, I uncovered some outrageous things. The first discovery came when refinancing my mortgage. The interest rate we had been paying (on 3 properties) was 6.75% on an interest-only mortgage! Even with knowing nothing about the market, I knew this was way too high. I refinanced the mortgage and reduced it by fifty percent. Now I am living in the same apartment, paying half of what we were spending for 10 years. The second discovery was in our investment portfolio (or lack thereof). In order to pick up the pieces and become financially fit, I had to get organized. I made a list of all of my expenses and set up online banking for all of my bills so that they would get paid automatically. I downloaded an app called Mint that allows me to link my bank accounts, set up a budget, track my spending and see where I can make changes to maximize my money.

–Jennifer G., New York, Personal Trainer and Entrepreneur.

DIVORCE & MONEY: BECOMING FEARLESS

Across all age groups, the majority of women said their biggest financial fear when it came to getting divorced was living on one income, followed by the cost of divorce.

Main Money-related Fears About Getting Divorced:



Divorced women are more likely to be in poverty and receive public assistance than their male counterparts.³ In order to face the challenge of living on one income, Laurie Itkin, CDFA, suggests more women need to become fearless and discover ways to leverage their talents that further their careers so if divorce happens, they are prepared to live on one income.

³Divorce Rates Highest in the South, Lowest in the Northeast, Census Bureau Reports." United States Census Bureau. 25 Aug. 2011. www.census.gov/newsroom/releases/archives/marital_status_living_arrangements/cb11-144.html

For women who are contemplating divorce, Laurie recommends taking a couple of years to develop an 'exit strategy.' "If they stayed home to care for children, they can use this time to go back to work or obtain further education or certification with a goal of becoming self-supporting."

Women who are blindsided by spouses who request a divorce may not be prepared to generate an income that can cover their expenses. However, Itkin suggests that they need to accept the harsh reality that child support eventually goes away, and that alimony awards are rarely for life. "I always encourage women—even those who are happily-married—to work and further their careers despite the lack of affordable child care."





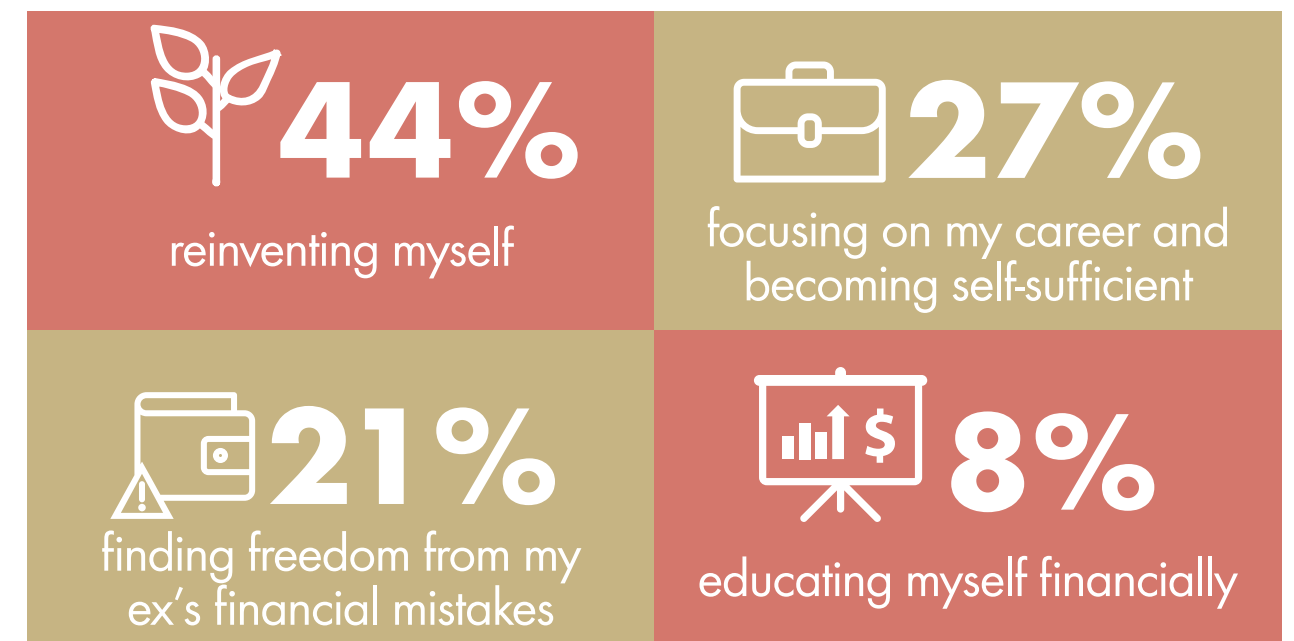
“ Anything a man can do, a woman can do while wearing heels. Or pajamas and slippers. Whether you’re currently a working mother who wants more than a dead end nine to five job or a stay-at-home mom who’s trying to get back in the game, anyone, especially a single woman, can start their own company right from home and for little money. I know because I did. There’s always the uncertainty you’ll fail, that you won’t have enough money to support your family, or maintain your lifestyle. If this should happen, what you can do, especially moms like me who didn’t work once they had kids and now, as a result, must flaunt the skills they have recently acquired, is put the experience you gained from your latest venture on your resume and show how resourceful you can be. Discuss your business aptitude at your future interviews. Use it to get hired somewhere else. **There’s always a Plan B.** The advice I have is to take a chance. Bet on yourself. If you don’t, no one else will. Besides, isn’t the highest mark of success proving everyone else wrong? ”

—Stacey F., New Jersey, Freelance Writer and Entrepreneur.

DIVORCE & MONEY: CREATING OPPORTUNITIES

Even as divorce presents a myriad of obstacles for women to go through, there are also many opportunities for positive change. 44% of women surveyed took divorce as a chance to reinvent themselves. The other biggest opportunities for divorced women today are to become financially self sufficient and free themselves from their ex’s financial mistakes. By being in control and embracing the new opportunities divorce can bring, women are able to alter their financial futures.

Defining a New Vision is the Ultimate Win



As the conversation changes, women are seeing divorce as a turning point for themselves to explore their passions and go from a state of fear to a state of determination. Defining their own vision for who they want to be is the ultimate win.



“Divorce is a strange freedom to reinvent yourself at an older age. To shed the beliefs and habits that no longer serve you. Embrace it, embrace your growth, and go out there and find your tribe”

—Dena L., Minnesota, Writer and Accounting Consultant.

“Divorced and looking ahead, I suddenly faced the prospect of generating income for myself after being a stay-at-home wife and mother for more than a decade. I knew if I didn’t begin something—anything—I would find myself alone without a vision to call my own”

—Stacey F., New Jersey, Freelance Writer and Entrepreneur.



From Financially Reactive to Proactive

I was inspired to take the survey as a newly divorced woman who is looking forward to being financially independent. In my marriage, I became accustomed to living on two incomes and my former spouse earns considerably more than I do. When deciding to leave my marriage, financial independence was a huge consideration of mine. I’m generally financially prudent but would like to be more knowledgeable about financial planning. Using Worthy has helped me begin the shift from being financially reactive to proactive. I’m looking forward to working with a financial planner and seeing how I can better use my own money—which is an incredibly empowering feeling!

—Maggie A., California, Study Participant.



CAREER CHOICES AFTER DIVORCE

Staying At Home? Think Again

As divorce brings about many changes and realizations for women, many are pursuing professional opportunities again. Over half of the women surveyed (54%) made a major career change following divorce, including re-entering the workforce, switching jobs, going back to school or starting their own business. Overall, **91% of women see divorce as an opportunity to focus on their career** by working, studying or starting a business.

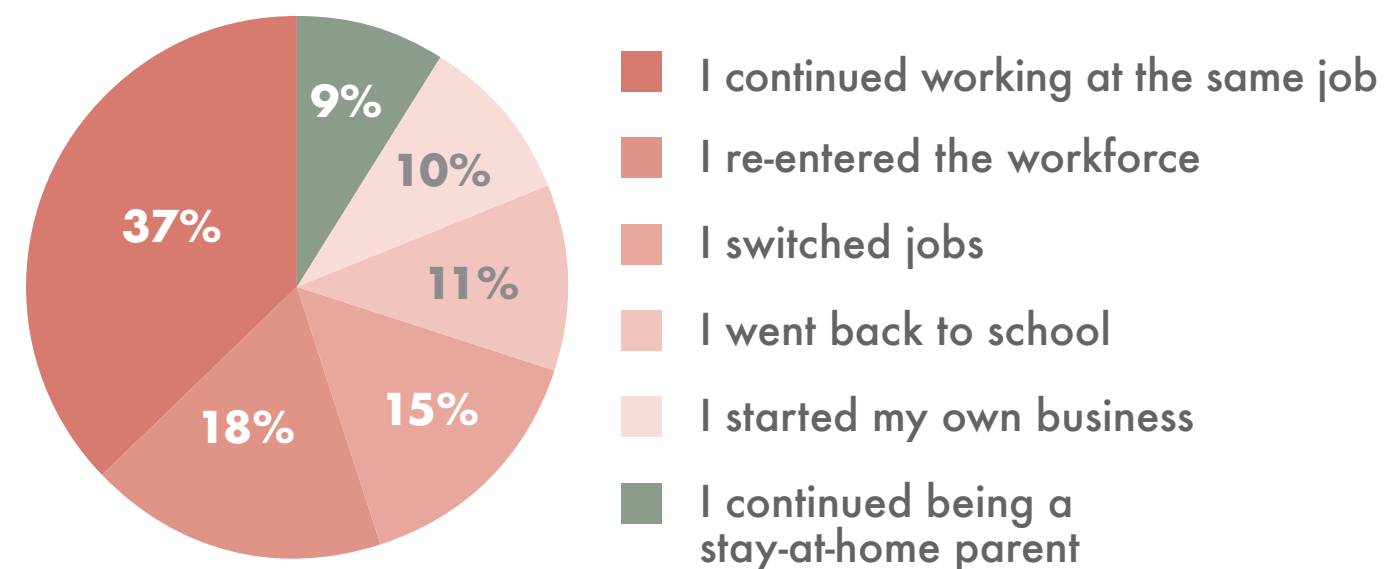
The divorced female community is:

- Staying at current job
- Re-entering the workforce
- Switching jobs
- Going back to school
- Starting their own business

Only 9% of women were able to continue as stay at home parents post-divorce. This finding suggests that women urgently need to generate income after divorce, especially when compared to a recent study by the Bureau of Labor Statistics, which states that 31.4% of married mothers are not participating in the labor force.⁴

⁴Employment Characteristics of Families – 2017". Bureau of Labor Statistics. Apr. 19, 2018. www.bls.gov/news.release/pdf/famee.pdf

How Has Divorce Impacted Your Career Choices



Stay at home with the kids after divorce? The vast majority of women will discover that unless they re-enter the workforce or enhance their education and skills in order to land a higher-paying job than their current one, their standard of living and financial comfort will decrease after divorce. Fair or not, it's reality.

—Laurie Itkin, CDFA.

When (Divorced) Women Are in the Workforce, Everyone Benefits

Divorced women are re-entering the workforce, and an influx of women in the workforce benefits all companies. A recent article published by Forbes states that “companies with the highest gender diversity, as compared to the industry average, see a 10% higher return on equity, a 48% higher operating result, and a 70% stronger stock price growth. In addition, having at least one woman on the board decreases bankruptcy by a full 20%.”⁵ Study after study has shown that women are good for business, that having a diversity of thought and experiences benefits the organization as a whole.

According to the U.S. Bureau of Labor Statistics, the labor force participation rate of 25 to 54-year-old women is projected to rise to 75.2% by 2024.⁶ This is mainly due to a higher projected labor force participation rate for 45 to 54-year-old women.

Ultimately, making it easier for divorced women to reboot their careers is critical both for them and the companies benefiting from their talents. Helping women during their divorce journey learn and prepare for career opportunities can benefit companies as they hire more women and the women seeking new work. Professional scholarships, such as the Worthy Women’s Professional Studies Scholarship program is one way companies can enhance their focus to help women advance their careers.

⁵Carucci, Ron. “Four Reasons Women Make Great Executives.” Forbes. May 10, 2016,

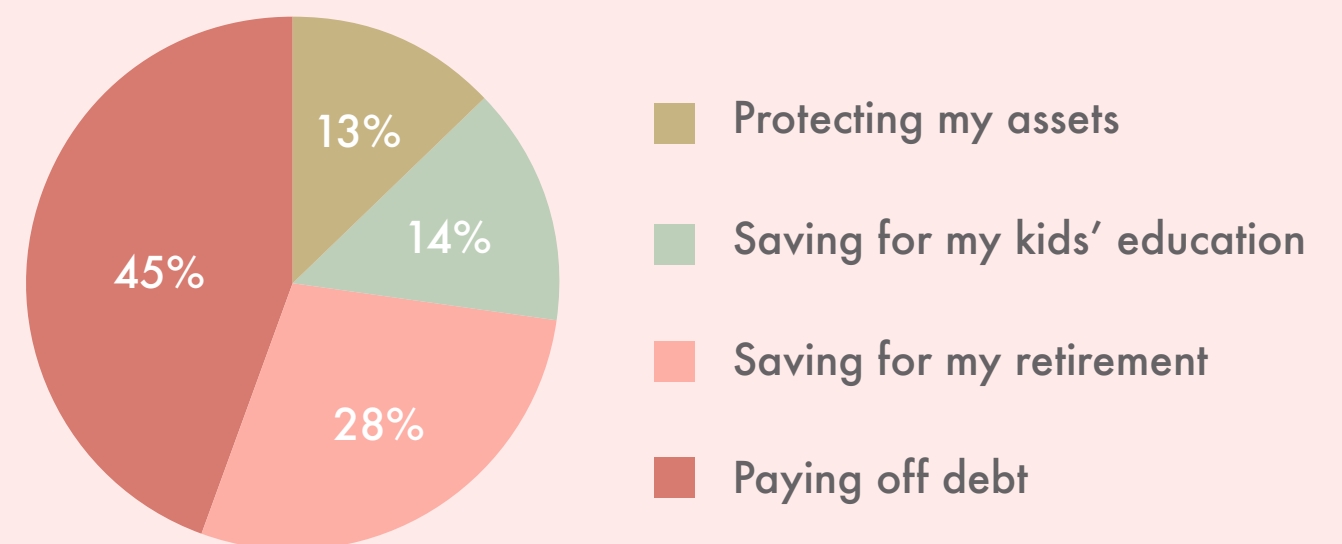
www.forbes.com/sites/roncarucci/2016/05/10/four-reasons-women-make-great-executives/#266f1ba1691e

⁶Morisi, Teresa L. and Toossi, Mitra. “Women In The Workforce Before, During, And After The Great Recession.” U.S. Bureau of Labor Statistics. July 2017, www.bls.gov/spotlight/2017/women-in-the-workforce-before-during-and-after-the-great-recession/pdf/women-in-the-workforce-before-during-and-after-the-great-recession.pdf

MOVING FORWARD: FUTURE PLANNING

Regardless of age and stage in the divorce journey, the majority of women surveyed was found to be **focused on short term needs rather than a long-term financial plan**. The majority of women are currently focused on paying off debt (44.4%). An overwhelming 72% did not choose saving for retirement as their current main concern.

Top Financial Concerns for Divorced Women



Women today are living longer than ever, so being prepared and planning for the future is imperative. With life expectancy for women at 81.2 years,⁷ Laurie Itkin, CDFA, advises divorced women to begin investing so they don't outlive their money. She suggests the answer is that women either have to decrease their expenses or increase their income so they can put money in an investment or retirement account each year. "If women never invest the money they earn or are given, they will almost certainly run out of money when they are older. Earning or receiving enough income in order to pay for living expenses in most cases means working at a full or part-time job in addition to receiving child support or alimony," she says.

This finding is supported by a recent GoBankingRates survey, which found that 45% of American women have less than \$10,000 in retirement savings.⁸ "Across the country, there must be millions of dollars hiding in drawers that could be used to pay off high interest credit card debt or kick-start a retirement account," said Itkin. "Through the power of compound interest, investing the proceeds of the sale of an old engagement ring could make a material financial impact for divorced women."

⁷Kochanek KD, Murphy SL, Xu JQ, Arias E. "Mortality in the United States, 2016." NCHS Data Brief, no 293. Hyattsville, MD: National Center for Health Statistics. 2017, www.cdc.gov/nchs/products/databriefs/db293.htm

⁸Huddleston, Cameron. "Survey Finds 42% of Americans Will Retire Broke – Here's Why". GoBankingRates. Mar. 6, 2018, www.gobankingrates.com/retirement/planning/why-americans-will-retire-broke/



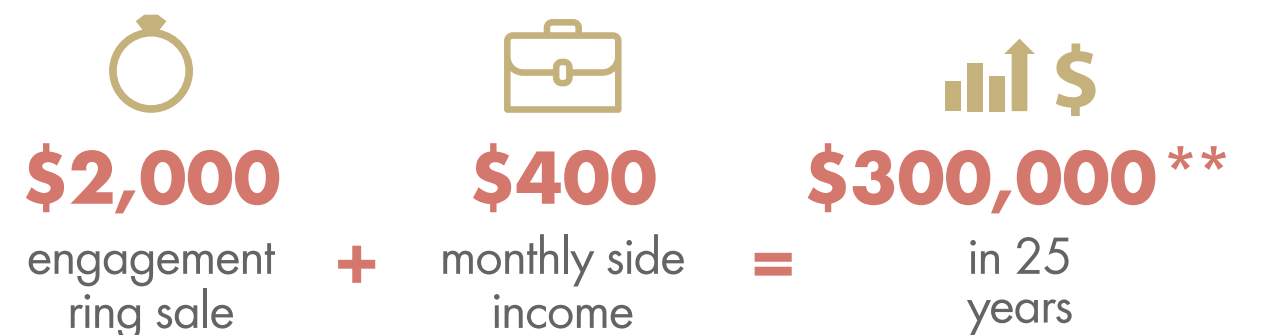
Seed Money for a Fresh Start

For divorced women, their no-longer-needed engagement ring can be turned into seed money to kickstart a financial nest egg. However, **64% of the participants surveyed did not think of their ring as a financial asset.**

64% did not think of their ring as a financial asset.

According to Laurie Itkin, CDFA, "some women mistakenly believe their ring will increase in value over the next 20 years. That is unlikely to happen. If, however, a woman sells her ring for \$3,000* and invests the proceeds in an IRA earning a 7% annual rate of return, in 20 years she will have approximately \$12,000, which is a quadrupling of her money."

Even more so, "if a woman was to generate a lump sum of \$2,000 by selling her ring with Worthy, and **earn extra income of \$400 per month through a side business**, transfer the money each month into an individual retirement account (IRA), and select investments that returned 6% annually, in 25 years her retirement account would be worth close to \$300,000."



**To open an IRA, the client must have the equivalent amount of earned income as shown in her W2.

**These investment returns are examples for educational purposes and are not guaranteed. Please consult with a financial advisor before investing money.



Fabulous and Empowered

I had to come to terms with letting go of the ring. I had entertained these ideas of passing it on to my children, but they would likely lose it and this way, I can monetize it and it benefits the family. I also had to let go of my anger around the divorce. It has a heinous period which involved the death of my father, the end of my marriage and an international move. Although I didn't want to admit it, it took me longer to process than I expected. Now that I have auctioned the stone, I feel fabulous and empowered. It is a huge relief and a step forward. I told my daughter what I had done and she told me, completely unsolicited, "mom, I'm so proud of you." I took a third to treat myself and those I care about, a third to live and reduce financial stress and I am putting a third into savings. That is what I suggest everyone aim to do.
—Denise A., New Jersey, Financial Planner and Gemologist.



REALIZED OPPORTUNITIES

The impact a divorce has on women's finances cannot be overstated. The financial literacy gap, the lack of involvement in long-term financial planning during their marriage, and their higher likelihood to end up in poverty place divorced women in a vulnerable position.

The findings of this study and the advice of divorce financial experts like Laurie Itkin suggest there are two main steps to be taken.

- As women turn divorce into an opportunity to reinvent themselves, they need to become fearless, leverage their talents, and further their careers in order to generate more income and become self-sufficient. This survey's findings show that women are doing exactly that, by continuing to work, re-entering the workforce, switching jobs, going back to school and starting businesses.
- With only a small percentage of women focused on savings and investments while married, it's imperative that divorced women start investing so that they don't outlive their money. Starting a financial nest egg by consistently funding an investment or retirement account is essential in order to avoid running out of money during retirement.

By seeing their old engagement ring as a financial asset, women can build and secure their financial future. Women can create their own windfall by selling the ring, and use the proceeds as seed money for an investment or a new business. After all, a diamond can be a divorced woman's best friend.

ABOUT

Laurie Itkin



Laurie Itkin is a financial advisor, certified divorce financial analyst (CDFA) and a member of the Association of Divorce Financial Planners (ADFP). She is the author of the Amazon bestseller, *Every Woman Should Know Her Options*. For less than the cost of a one-hour meeting with an attorney, her online course, *Woman's Guide to Financial Independence After Divorce*, teaches separated and divorced women essential financial concepts. You can request a free consultation or subscribe to Laurie's newsletter by visiting TheOptionsLady.com.

ADFP



The mission of the Association of Divorce Financial Planners (ADFP) is to heighten awareness of the benefits and the added value of divorce financial planning so that it becomes an integral part of the divorce process. The ADFP members have the expertise in helping clients navigate the complex and changing divorce landscape. Learn more about the ADFP at www.divorceandfinance.org*

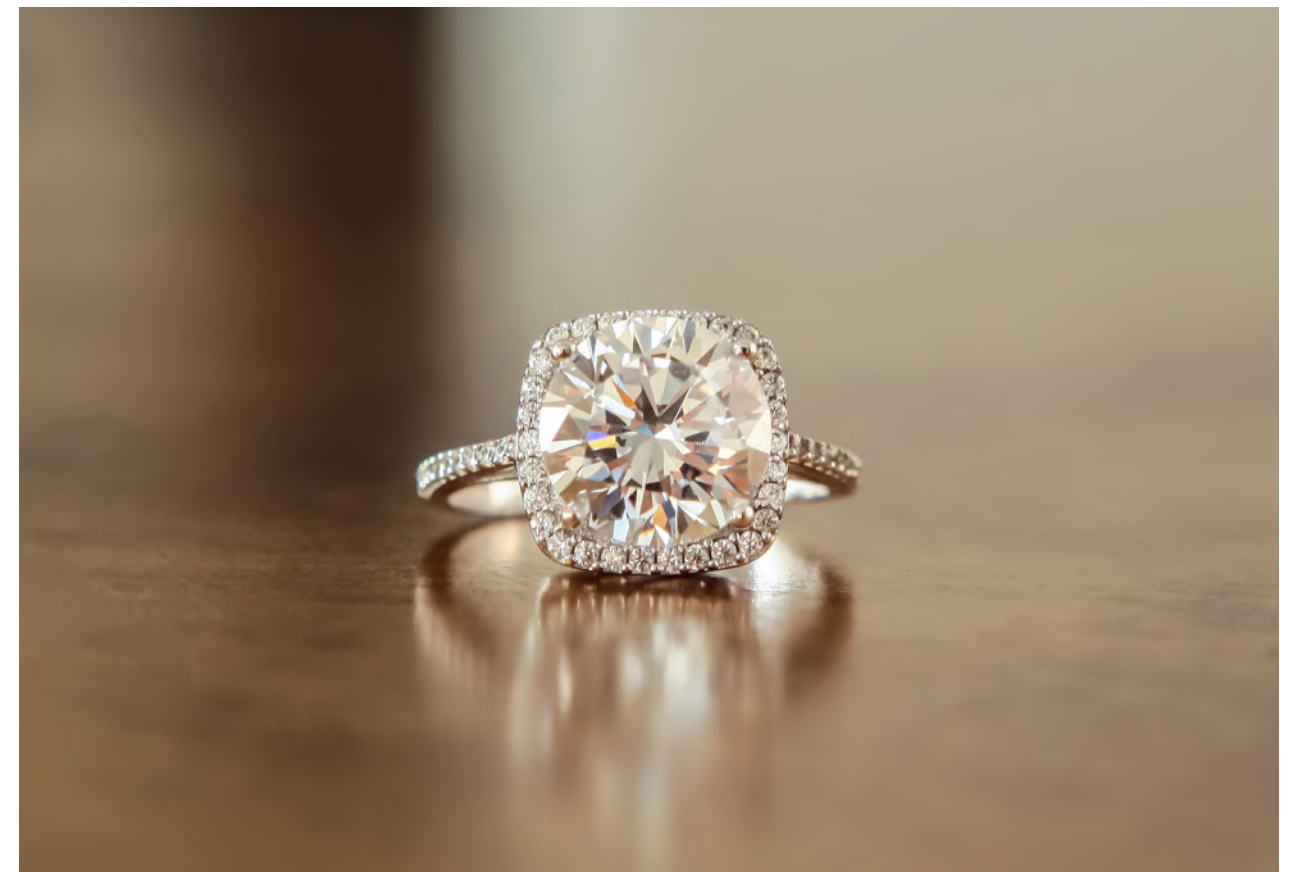
"The findings in the whitepaper are consistent with our client's experience. This study touches upon the key issues that are a critical part of the divorce conversation."

—Cheryl Glazer, MST, President of the ADFP

*The ADFP does not recommend any particular product or service

Worthy

Regardless of age and stage in the divorce journey, the majority of women surveyed was found to be concerned with paying off debt. An overwhelming 72% did not choose saving for retirement as their current main concern. The ability for women to sell their diamond jewelry in a safe, transparent, value-adding way, allows for more possibilities and more confidence in the process. Our clients benefit from complimentary GIA diamond gradings, up to \$100,000 in insurance coverage, and access to a nationwide network of professional buyers.



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