

The Secrets Of A 'Bay St. Bag Lady'; Financial lessons for women who fear retirement

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Illustrations: Black & White Photo: Nathan Denette, National Post / Financial advisor Sandra Pierce says "bag lady syndrome," the fear of not having enough to live on in retirement, affects even wealthy women.

A common fear harboured by Baby Boomer women is of becoming destitute bag ladies in old age.

Toronto financial advisor Sandra Pierce, who bills herself The Bag Lady of Bay Street, has dubbed this phenomenon "bag lady syndrome."

The syndrome is the dread of not having enough money in retirement to maintain a modern lifestyle. At its worst, the afflicted are haunted by the idea of losing their homes and scrounging for their next meals.

This fear is often irrational, even afflicting such successful -- and wealthy -- career women as Katie Couric, Gloria Steinem and Lily Tomlin, says Pierce, who works in Toronto at Blackmont Capital's Fox Pierce Segal Group. She has developed a seminar to help women allay these fears. She also hit on the clever marketing idea of sending prospects a beaded clutch bag, with a tag reading "Financial security is in the bag."

Irrational, maybe. But certainly not uncommon. A 2006 poll by Allianz Life Insurance found nearly half of the 1,925 women polled fear they'll lose their income and end up forgotten and destitute -- bag ladies. A startling 90% felt financially insecure. Even among high earners, a whopping 48% suffered from bag lady syndrome.

Can bag lady syndrome afflict men? "I don't hear it so much from men," says Vancouver financial planner and author Diane McCurdy, who also sees the syndrome among her female clientele. "[Men] only reveal what they have to do to make things work. They won't reveal their deepest darkest fears," says the author of *How Much is Enough*.

Pierce had this fear herself. She grew up near Kingston, Ont., and her parents were not wealthy. After leaving the army, her father ran a gas station. Despite her eventual success in financial services, the fear of ending up poor still haunts her. She reached a crisis moment

when she turned 50 this year and took inventory of her life and career.

That's the age when many start to take financial planning seriously, Pierce says. After all, the traditional retirement age of 65 is just 15 years away. While she deals mostly with relatively affluent women, Pierce plans to launch the Bag Lady

Foundation in the new year to help less fortunate women.

Gail Bebee, author of the recently published *No Hype: The Straight Goods on Investing Your Money*, says part of the fear stems from the fact that many women are not greatly involved with family finances.

Divorce brings these fears to the fore. "It's a real issue," Bebee says, "I don't think they necessarily think they'll end up as a bag lady, but they are worried about living in much reduced circumstances. When you split a household into two, you only have money for half a house and end up in one that's not as glorious as the previous home."

A recent TD Waterhouse Female Investor Poll found loss of a spouse, whether through divorce or death, is a leading catalyst for getting women more involved with investments. According to senior vice-president Patricia Lovett-Reid, two-thirds of divorced women say the experience made them savvier about investing. While four in 10 marriages end before the 30th wedding anniversary, only 16% of married women have a financial "Plan B" in case of divorce.

And after divorce, the standard of living for women falls significantly while it rises for men 7% to 20%, says Joanne Thomas Yaccato, author of *Balancing Act*.

At Fox Pierce Segal, a financial plan is a key element of the advisory service. Pierce prefers fee-based compensation, using individual stocks and bonds rather than mutual funds. Securities may include exchange-traded funds, which Pierce considers to be stocks.

Pierce agrees with Fidelity Canada's finding that Baby Boomers will be so active in retirement, they'll need to replace 80% of the income they generated during their working hours.

Whether that's true or not remains to be seen. But one thing is certain -- any woman who can build that kind of nest egg need not fear bag lady syndrome.

- See Jonathan Chevreau's video interview with Sandra Pierce at wealthyboomer.ca.

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