



COMMENT

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Properly Valuing Mothers for Insurance

by Doug Carroll

The standard approach for determining insurance need begins with discounting the loss of future income if someone becomes disabled or deceased. This makes for a good start, but deeper inquiry and analysis is necessary to arrive at an amount of coverage that truly reflects the economic impact for a family that loses a mother.

In addition to looking at her income, two critically important areas must be explored:

1. *What is the value of her unpaid labour that will have to be replaced?*
2. *How will her absence affect the income prospects of a surviving spouse?*

Here are some key observations on the economic well-being of women from Statistics Canada:

- Women are more likely than men to participate in housework activities, and they spend more time doing so.
- While both mothers and fathers spend more time on child care than 30 years ago, women have increased their time with children to a greater extent than men.

- A greater proportion of women than men perform routine child care tasks on a given day, and spend more time doing so.
- Women are overrepresented as caregivers to adult family members or friends, particularly when the care recipient has a long-term health condition or a physical or mental disability.

So, apart from the time of the unpaid labour, can we put a dollar value on this?

Every year, salary.com publishes an estimate of what a mom would earn if paid in the open market. While acknowledging that it cannot assign a value to all features of parenthood, the site draws from about three dozen job categories to represent the core competencies of motherhood.

The most recent estimate of median annual salary for a stay-at-home mom is US\$178,201. This number helps illustrate the wide breadth of a mother's contribution to the family, on top of it being unpaid.

Progress over the Decades

Labour force participation of women increased from the 1960s at the same time as women were gaining more access and control over household resources.

Consider how women's economic well-being has evolved, according to Statistics Canada:

- Women's average personal income more than doubled in constant dollar terms from 1976 to 2015, with the gender disparity in income being cut in half over that 40-year stretch.
- Women's earnings make up a larger share of family income than ever before. In dual-earner families, the woman contributed 47% to the family's income in 2015.
- Women's workforce participation has enhanced the security of couple families. Generally, these families are more resilient to the rising cost of living, downward wage pressure for men, and unemployment.
- Dual-earner families are also better protected in recessions, with women experiencing fewer job losses due to their larger representation in such non-cyclical sectors as education, health care, and government.

These trends in women's work participation and income growth are self-evidently beneficial to affected women personally. As well, society overall is better off, both in the social sphere and in the economic benefit of the fuller participation and contribution of women. And finally, spouses and families are able to enjoy more abundant, diversified, and stable financial lives.

She-cession

Unfortunately, COVID-19 has had a disproportionate effect on women's employment and income, which, in turn, affects their families.

In the early stages, women's employment declined by 7% compared to 4% for men. This is due in part to higher participation in sectors susceptible to closures (retail, personal care services, hospitality).

And with the onset of school closures, approximately 64% of women reported that they were the parent conducting homeschooling or helping children with homework compared to 19% of men.

This current experience emphasizes a mother's value and the economic exposure when her contribution is lost.

There is plenty that can be learned from the Statistics Canada research and other sources about the

economic condition of women in our society. It can and should motivate individual and collective action toward greater gender equality.

For current purposes though, let's look at what this means at the individual household level. In particular, what economic hardship might befall a family if mom dies or becomes disabled, and where does insurance fit in?

While life and disability insurance have many uses, their primary purpose is to replace lost household income. The positive progress in women's employment and income over the decades provides both direct and indirect evidence of why and how much harm may be inflicted if tragedy hits. There's double damage in the case of disability due to additional cost of care, and of course it's especially devastating for a single mother family.

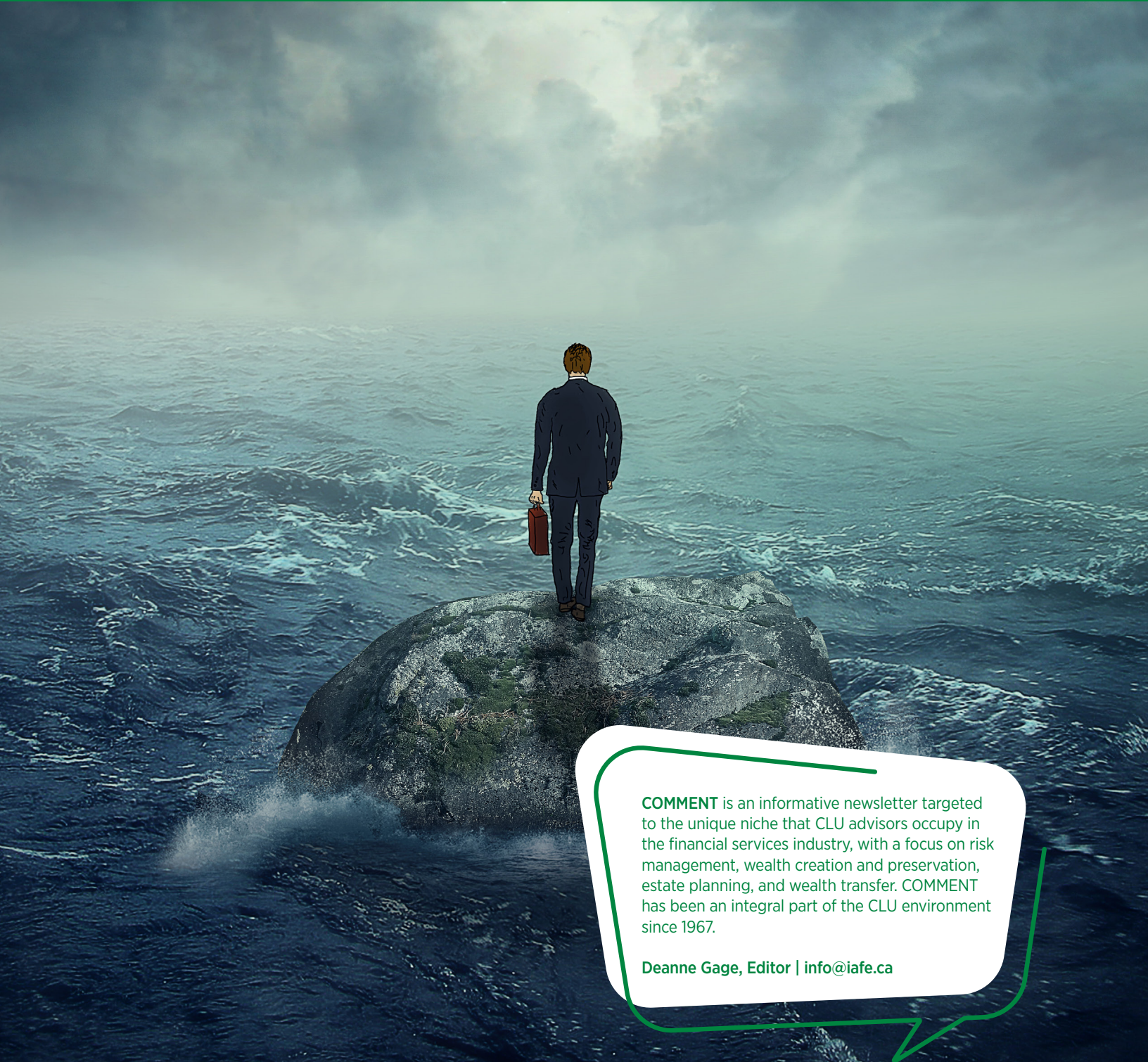
The obvious direct impact is the actual income that is no longer coming in. The less obvious part in the case of a dual-earner family is the loss of stability and diversification.

Though it may not be easily quantifiable, it would be helpful for a couple to anticipate and assess how the death or disability of one of them could affect the practical and financial viability of the survivor's continuing occupation.

This brings us back to all that time mom spends on unpaid household/family activity. In mom's absence, some of those tasks may be outsourced, but money is no proxy for a parent's presence, love, affection, and attention. To continue to fulfill that role, dad may need to change his work routine, and possibly even make some broader career adjustments.

In this respect, in addition to replacing mom's lost income, insurance can also stand in for the reduced income dad may experience due to increased caregiving demands. Whether this is a temporary measure or a permanent new normal, the family is given the time to grieve, heal, and look to the future in financial security and comfort. ©

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