

7 Things That Cost Women More

You need to be prepared to pay more for the following seven items if you've got double Xs.

By Stacy Rapacon

The gender pay gap often takes the spotlight when it comes to women's financial issues. But on the spending side of the equation is an equally worrisome problem: Women must pay more for many things, including some big-budget items.

The higher costs are not necessarily due to discriminatory practices. (And the difference in price doesn't always favor men. For example, a Y chromosome typically bumps up prices for life and car insurance.) Still, that doesn't make bigger bills for women any easier to manage. What will help is knowing to expect them. When establishing short-term budgets and long-term financial plans, recognize that gender is a factor, and plan accordingly. You need to be prepared to pay more for the following seven items if you've got double Xs.

Retirement

Good news: Women are expected to live longer than ever before. Bad news: A longer life requires a bigger nest egg.

According to the Centers for Disease Control and Prevention, for babies born in 2012, females will outlive males by nearly five years—a life expectancy of 81.2 years for women and 76.4 years for men. **Those extra 4.8 years at the end of life can be particularly costly and will greatly affect retirement savings plans.** “When you live longer, you'll likely run into medical issues that need to be taken into account as part of your living expenses,” says Nicole Mayer, financial adviser with RPG Life Transition Specialists, in River Woods, Ill. “So certainly saving more for retirement for a female is important.”

How to spend less

There's no getting around the need for a bigger nest egg to cover your longer life span, but you can take steps to avoid shortchanging yourself in retirement. If you're married, boost your survivor payouts from your spouse's pension and Social Security benefits. And married or not, maximize your own retirement savings throughout your career—by putting extra emphasis on retirement benefits when evaluating new jobs, making catch-up contributions once you turn 50, and more.

Cars

More good news: Ladies are closing the car-cost gap, at least on the younger end of the age spectrum. **But women over age 65 continue to pay significantly more for cars than buyers of any other demographic.**

In a 1995 study in which actors negotiated new-car purchases with unwitting dealers, economists Ian Ayres and Peter Siegelman showed that white males were routinely quoted lower prices than black or female test buyers. Nearly two decades later, a new study analyzing more than 10 million new-car sales in the U.S. between 2002 and 2007 indicates that men and women between the ages of 25 and 30 pay nearly equal prices for the same car type. Unfortunately, 65- to 70-year-old women tend to pay about \$103 more, on average, than men of the same age and \$213 more than all buyers in their twenties.

What causes this price drift with age? “One popular theory is that older people don't research as much,” says economist Ambarish Chandra, co-author of this study along with Sumeet Gulati and James Sallee.

How to spend less

Before you visit the dealership, use sites such as Edmunds.com, KBB.com or Truecar.com to compare actual prices paid by other buyers so you can negotiate for the best new-car deal. Or consider a car-buying service, which is ideal for people who simply hate to haggle.

Health Care

Women spend, on average, \$1,136 out of pocket on health care per year, or 26% more than men (\$838 per person), according to 2010 data from the Centers for Medicare & Medicaid Services. Younger women tend to face the biggest bills. Women between ages 19 and 44 spend 54% more out of pocket on health care than men of the same age, mainly due to the high cost of bearing kids. But longer lifespans for women also mean greater health care costs later in life. Out-of-pocket medical spending for women age 65 and older totaled \$2,721 per person in 2010, 31% more than the average \$2,073 spent by men 65 and older.

How to spend less

Take advantage of flexible spending accounts and health savings accounts when possible, to save on taxes. You can also **trim spending with strategies as simple as staying in your insurer's network or switching to generic drugs.**

Personal Care

The costs of daily upkeep may not seem like much, but they do add up—and more so for women. A 2011 study, “The Cost of Doing Femininity,” found that men’s deodorant, for example, costs just \$1.15 per ounce, while women’s deodorant costs \$1.44 per ounce. Razors for men are \$2.67 each; for women, \$3.00 each. Even President Obama has publicly lamented the inequity of dry cleaning: The average cost to clean a man’s shirt is \$2.06—yet it’s \$3.95 for a woman’s shirt.

To be clear, such price differences are not always due to discrimination. Products for men and women are produced and marketed differently. But those differences point to a bigger issue. **“It simply costs women more to perform the culturally expected functions of femininity than for men to match up with cultural expectations of masculinity,”** says sociologist Nicholas Guittar, co-author of the study.

How to spend less

To affect the bigger picture, talk to your dry cleaner or other service provider who practices gendered pricing. “It may not impact that one interaction, but an increased cultural dialogue holds a lot of value,” says Guittar.

In the meantime, stock up for less at drugstores (makeup, hair-care products, nail-care products) and dollar stores (deodorant, hair brushes, shampoo). Or simply buy **gender-neutral products or the cheaper men’s products.**

Clothes

Again, the importance of appearances plagues a woman’s pocketbook (which, by the way, is a good example of apparel that women, not men, are expected to own). As Australian morning-show anchor [Karl Stefanovic recently demonstrated by wearing the same suit on air nearly every day for a year](#), men can often get away with spending less by owning fewer clothes. Though Stefanovic’s female coanchor, Lisa Wilkinson, often faces harsh criticism for her appearance, nobody noticed his apparent lack of fashion sense. “I’m judged on my interviews, my appalling sense of humor, on how I do my job, basically,” he told Fairfax Media, **“whereas women are quite often judged on what they’re wearing or how their hair is.”**

Not only are women expected to vary their outfits more, but individual clothing items for women are often priced higher. For example, **designer jeans from Diesel range from \$128 to \$748 for men and \$158 to (brace yourself) \$1,398 for women.**

How to spend less

Stock your wardrobe with attire that's both versatile and timeless. Items such as a single-breasted, one- or two-button blazer and a pencil skirt that hits mid knee can be worn separately or together for many occasions and for many years to come. With such classic style, you might even consider spending more on fewer, higher-quality items that will likely last longer and save you money in the long run.

Annuities

Women's longevity, once again, wears down their wallets when it comes to certain types of annuities.

Monthly payouts for immediate single-life annuities are based in part on life expectancy. **Because women tend to live longer, they must invest much more to get the same monthly annuity payout that a man would.** For example, according to estimates from immediateannuities.com, a 65-year-old man from Virginia can purchase an annuity that will pay him \$2,000 a month for the rest of his life for about \$360,000. A Virginia woman of the same age would need to pay more than \$380,000 for the same annuity.

How to spend less

For equal payouts, you can opt to set a defined schedule. For example, a 65-year-old Virginia resident can buy an annuity that will pay \$2,000 a month for ten years for about \$220,000, regardless of gender. If you outlive those payments, you can purchase another annuity later. (If you don't, the money goes to a beneficiary as scheduled.) Unfortunately, in the long run (should you be so lucky), this strategy of building an annuity ladder may wind up costing you more. But **an upside to laddering: annuities purchased later may come with bigger payouts if interest rates rise.**

Long-Term-Care Insurance

Most long-term-care insurers charge single women about 40% to 60% more than single men for new policies, according to the American Association for Long-Term Care Insurance. The reason for such a drastic price disparity is that women tend to live longer and make more claims than men. For example, Genworth—the first big insurer to introduce gendered pricing for long-term-care insurance—estimates that a 55-year-old single man from Colorado would pay an annual premium of about \$1,500 for a policy with a \$150 daily benefit for three years. A single woman of the same age would face an annual premium of nearly \$1,900 for the same policy in Colorado.

How to spend less

You can generally avoid the extra charge if you buy a policy as a couple. If the Colorado man and woman cited above bought the same plan together, they'd each pay about \$1,300 a year. Married or single, you should check whether your employer offers long-term-care coverage; **insurers still charge men and women the same amount for plans purchased through an employer.**

© 2015 The Kiplinger Washington Editors

Brought to you by NEA Member Benefits.

Content provided by:

Kiplinger