



Baby Boomer & GenX Women: Retirement Readiness and the Role of Women Financial Advisors



May 2014

About the Insured Retirement Institute:

The Insured Retirement Institute (IRI) is the leading association for the retirement income industry. IRI proudly leads a national consumer coalition of more than 30 organizations, and is the only association that represents the entire supply chain of insured retirement strategies. IRI members are the major insurers, asset managers, broker-dealers/distributors, and 150,000 financial professionals. As a not-for-profit organization, IRI provides an objective forum for communication and education, and advocates for the sustainable retirement solutions Americans need to help achieve a secure and dignified retirement. Learn more at www.irionline.org.



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OVERVIEW

The role and presence of women in the workplace has changed dramatically in the past decades. Today, women are a significant – yet, many would argue, far from equal – part of the U.S. workforce.

- **Women make up 47% of the total U.S. workforce,¹ but just 4.4% of the CEOs of Fortune 500 companies are women.²**
- **Women's salaries have increased 91% from 1970 to 2010,³ but women still make, on average, only \$0.82 for every \$1.00 made by men.⁴**
- **Women are the primary decision maker in 69% of retirement plans.⁵**
- **Women have longer life expectancies (and can expect to have longer retirements), yet have lower amounts saved for retirement.⁶**

These dynamics are now manifesting themselves exponentially as women (Baby Boomer and Generation X) are becoming an increasing part of the current and upcoming retiree population. Earnings, savings, confidence and resource challenges can – and likely will – translate into retirement security challenges.

Women need help, perhaps quite a bit more so than men, in juggling multiple financial priorities and goals, as well as making sure their retirement planning is adequate.

The women of the Baby Boom (Boomers) – particularly the first, or “Early Boomer” women, paved the way for women in the workforce today. Many Early Boomer women are retired already or on the cusp of retirement. “Late Boomer” women, like Generation X (GenX) women, are likely in their peak earnings years, and their planning must accommodate an increasing reliance on personal savings as an integral part of retirement income, as well as a the decline of traditional pensions, and changes in Social Security from both a retirement age perspective and the questions surrounding the long-term viability of the program itself.

IRI STUDIES

The Insured Retirement Institute (IRI) has studied women of both generations, as well as potential roles and opportunities for women as financial advisors. This report explores GenX and Boomer women, their actions and reactions in light the recent economic events, and their retirement planning behaviors and expectations. The report then examines the role of women as financial advisors, and how women can potentially be encouraged to enter this growing field (expected by the Bureau of Labor Statistics to grow at twice the rate for all other professions from 2010 to 2020), and steer GenX and Boomer women toward a more secure retirement.

KEY OBSERVATIONS ABOUT WOMEN: GEN-X, BOOMERS AND ADVISORS

- The economy has had a detrimental effect on retirement savings and planning for many women; many have stopped contributing to a retirement account, and still more have postponed plans to retire.
- Few have strong confidence that they will have enough money saved to last throughout their retirement years, and few are confident that they have done a good job of preparing financially for retirement.
- Their personal savings will be a significant source of retirement income, yet only half of Baby Boomer women with savings have \$200,000 or more in retirement savings; only one-quarter of Generation X women have \$100,000 or more saved for retirement.
- Most expect that they will juggle multiple sources of retirement income, and many have multiple types of investments, yet very few strongly agree that they keep up with financial and economic news. Less than half have worked with a financial advisor to plan for their retirement, yet for those who do seek advisor services, retirement planning is a top reason why.
- Working with a financial advisor has strong benefits, both qualitative (help, support, guidance, confidence) and quantitative (increased savings, elimination of savings barriers, credit behaviors).
- Women prefer to work with women advisors, yet women represent a minority of the advisor community.
- Challenges in recruiting women to the advising field include a general lack of interest and current job satisfaction.
- Women may not be “connecting the dots” about a career as a financial advisor, and not recognize that many aspects of the job directly appeal to their own work-values.

PORTRAITS OF GEN-XERS AND BOOMERS⁷

GenX	Boomers
Work is: <ul style="list-style-type: none"> A difficult challenge A contract Just a job 	Work is: <ul style="list-style-type: none"> An exciting adventure A career Work and then retire
Influencers: <ul style="list-style-type: none"> Watergate, energy crisis, dual-income families and single parents, first generation of Latchkey Kids, Y2K, energy crisis, activism, corporate downsizing, end of the Cold War, moms work(ed), increase in divorce rate. Their perceptions are shaped by growing up having to take care of themselves early, watching their politicians lie and their parents get laid off. 	Influencers: <ul style="list-style-type: none"> Civil Rights, Vietnam War, sexual revolution, Cold War, space travel Highest divorce rate and second marriages in history. Post-War babies who grew up to be radicals of the 70s and yuppies of the 80s. “The American Dream” was promised to them as children, and they have pursued it.
Traits: <ul style="list-style-type: none"> Distrustful Individualistic 	Traits: <ul style="list-style-type: none"> Optimistic Competitive

GEN-X AND BOOMER WOMEN

LIFE SATISFACTION AND THE RECENT ECONOMY

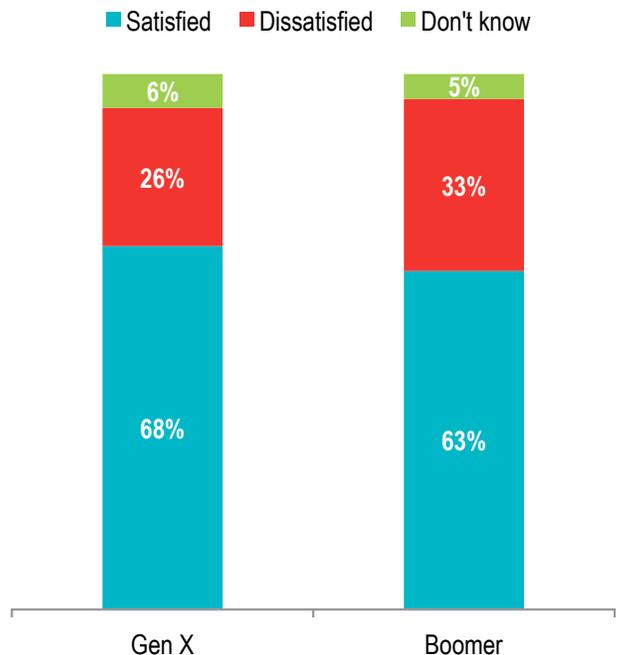
Overall, about two-thirds of both GenX and Boomer women are generally satisfied with the way their life is going today. Baby Boomer women, however, are more likely to express active dissatisfaction – 33% versus 26% of GenX women.

The recent economy – despite reported resurgence on many dimensions – continues to negatively affect many GenX and Boomer women. About a third of GenX women (compared to one-fifth of Boomer women) report that they find it more difficult to pay their mortgage or rent.

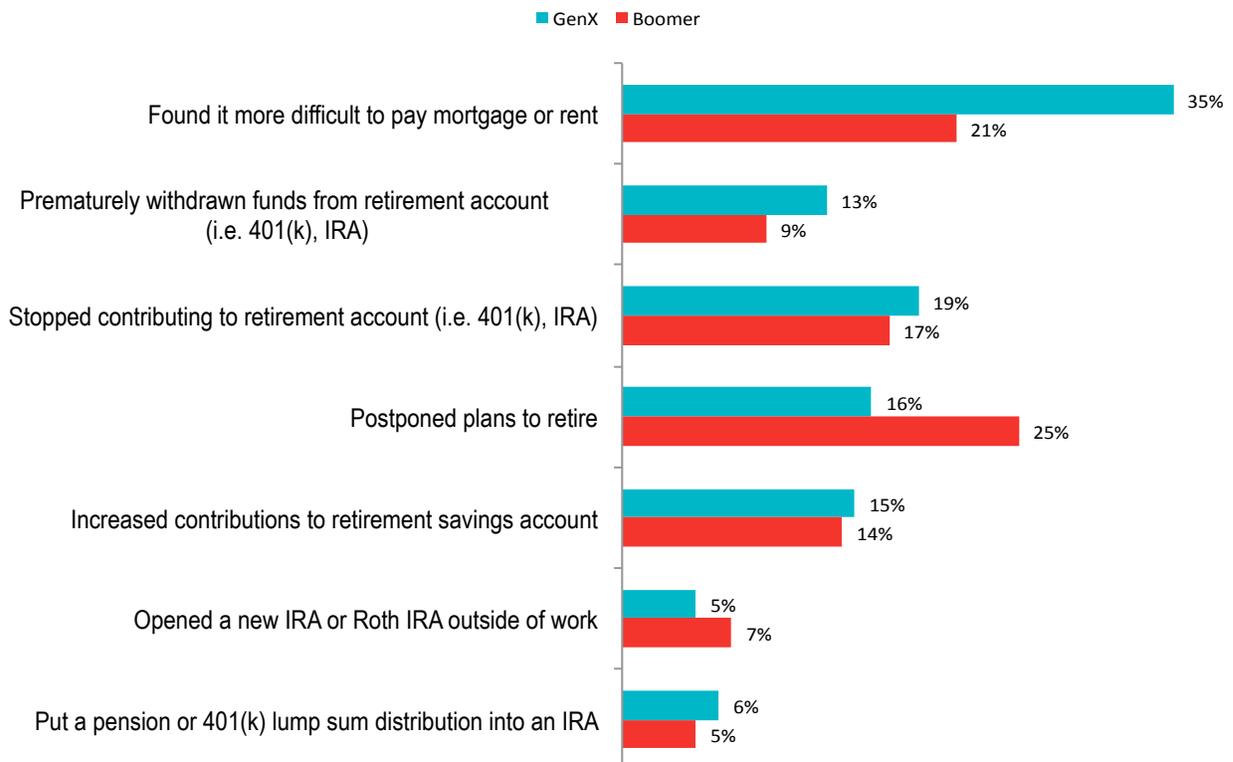
Many have taken actions that have the potential to seriously handicap their prospects for retirement security. Just under one-fifth have stopped contributing to their retirement plans, while 13% and 9%, respectively, of GenX and Boomer women have prematurely withdrawn qualified retirement assets – an action that not only erodes retirement principal and future growth, but can also carry substantial penalties.

Fewer GenX and Boomer women report that they have taken the positive step of increasing their retirement savings, or opened a new IRA, and a significant percentage have postponed their planned retirement age in response to the recent economy – a response that may or may not ultimately be in their control.

OVERALL, HOW SATISFIED ARE YOU WITH THE WAY YOUR LIFE IS GOING RIGHT NOW?



HOW HAVE CHANGES IN THE RECENT ECONOMY AFFECTED YOU AND YOUR FAMILY?



ANTICIPATED RETIREMENT AGE

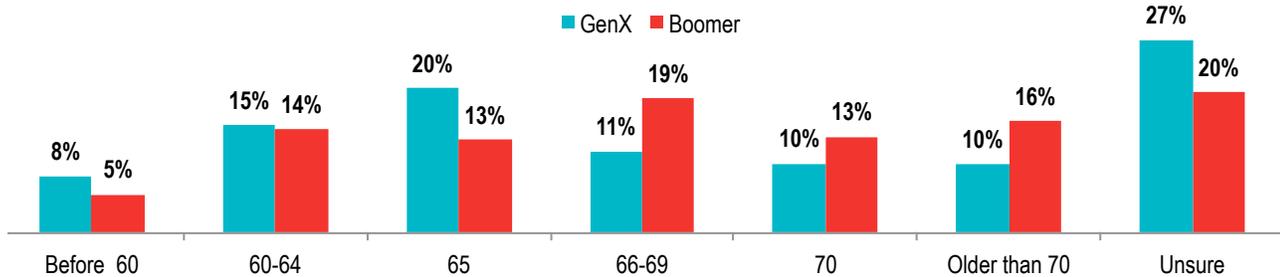
GenX women are more optimistic about an earlier retirement than are Boomer women, although more are simply unsure about when they will be able to retire (27% for GenX and 20% for Boomer women). GenX women are more likely to plan to retire prior to age 60, and significantly more likely to anticipate retirement by age 65. Nearly one-third (29%) of Boomer women, plan to work to at least until age 70, or beyond; something that may not be entirely realistic given the increased incidence of health issues for older individuals and continued workplace downsizing.

Perhaps optimistically, 43% of GenX women expect to retire by age 65, compared to only 32% of Boomer women.

Nearly half (48%) of Boomer women expect to retire after age 65, compared to just 31% of GenX women.

An earlier retirement may be a more desirable goal for GenX (or even Late Boomer) women, but they will likely need to ramp up their personal savings, especially considering that they won't be eligible for full Social Security benefits until at least age 67, and few of them expect a traditional pension to be a major source of retirement income.

AT WHAT AGE DO YOU PLAN TO RETIRE?

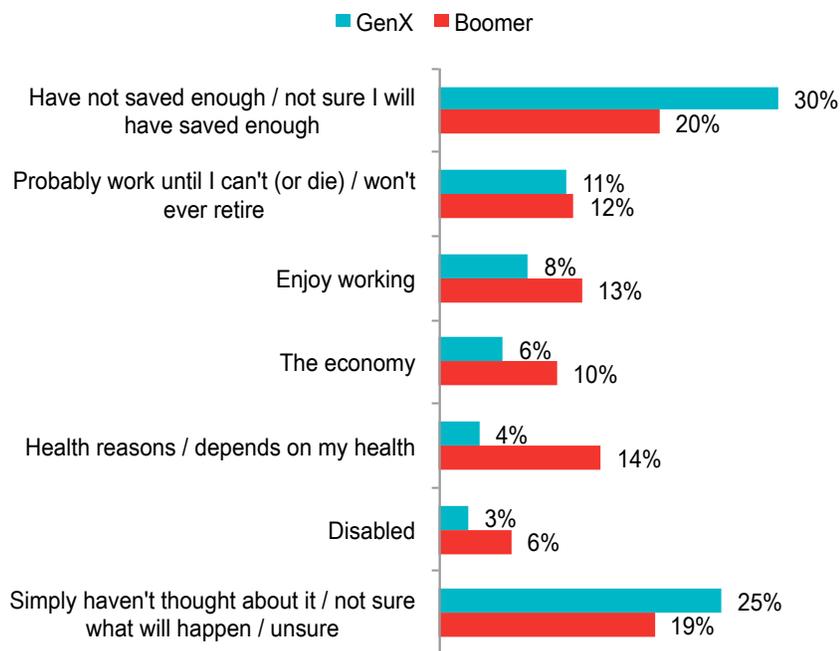


For Boomer and Gen X women who are unsure about when they will retire, not having enough savings is the primary reason, although many report that they are simply not sure. Insufficient savings is a stronger factor for the GenX women who don't know when they will be able to retire.

Not surprisingly, more GenX women say that they haven't thought about when they will retire, compared to Boomer women.

Health reasons, disability and the economy play a stronger role in Boomer women's uncertainty – and more Boomer women also report that they simply enjoy working.

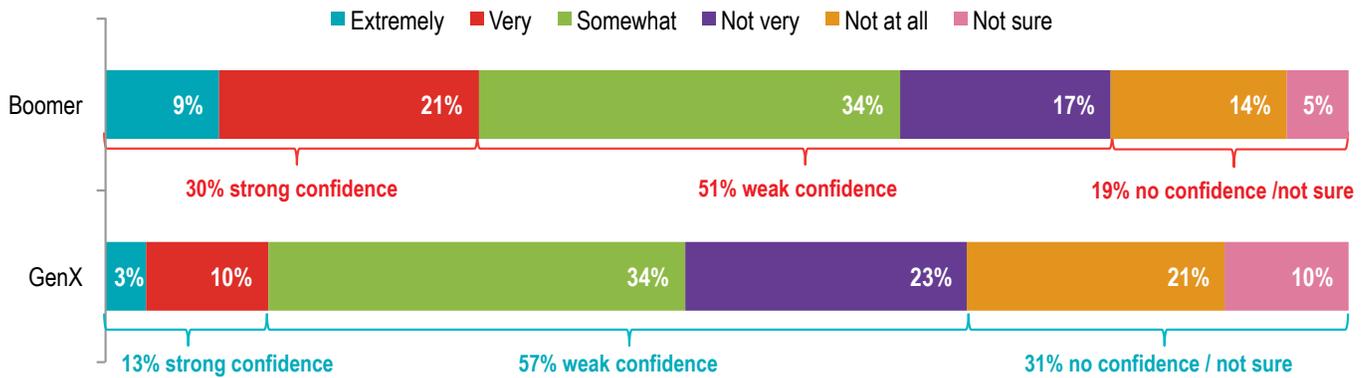
WHY ARE YOU UNCERTAIN ABOUT WHEN YOU MIGHT RETIRE?



RETIREMENT INCOME CONFIDENCE

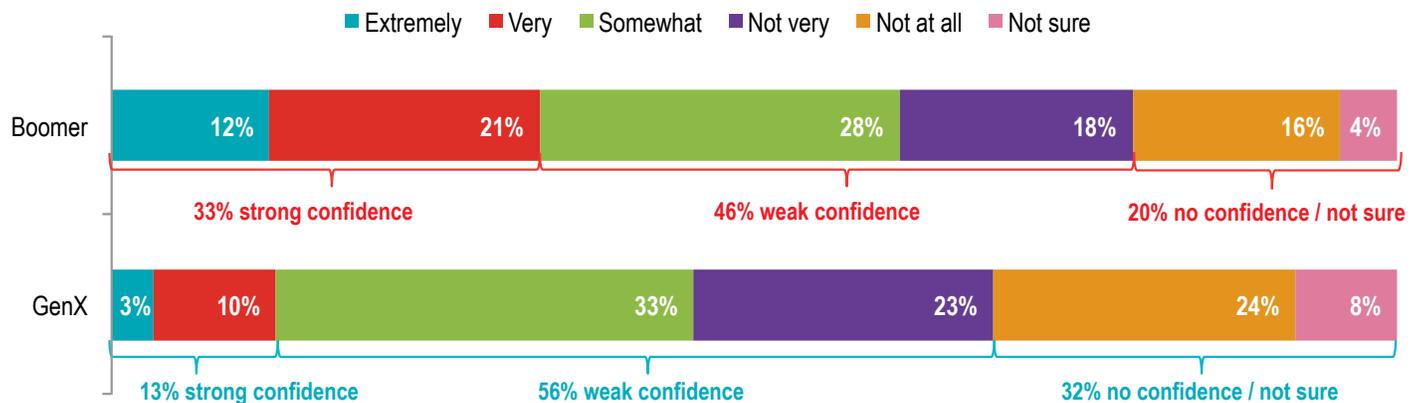
Most GenX and Boomer women express weak or no confidence that they will have enough money to live comfortably throughout their retirement years. About a third are “somewhat” confident. Fewer – significantly fewer for GenX women – are “extremely” or “very” confident that they will have enough money to last throughout their retirements.

HOW CONFIDENT ARE YOU THAT YOU WILL HAVE ENOUGH MONEY TO LIVE COMFORTABLY THROUGHOUT YOUR RETIREMENT YEARS?



Confidence in having enough money to live comfortably in retirement closely reflects confidence in having done a good job planning financially for retirement.

HOW CONFIDENT ARE YOU THAT YOU HAVE DONE A GOOD JOB OF PREPARING FINANCIALLY FOR YOUR RETIREMENT YEARS?



Significant numbers of both GenX and Boomer women – 69% and 46%, respectively, – have not tried to figure out how much they will need to retire.

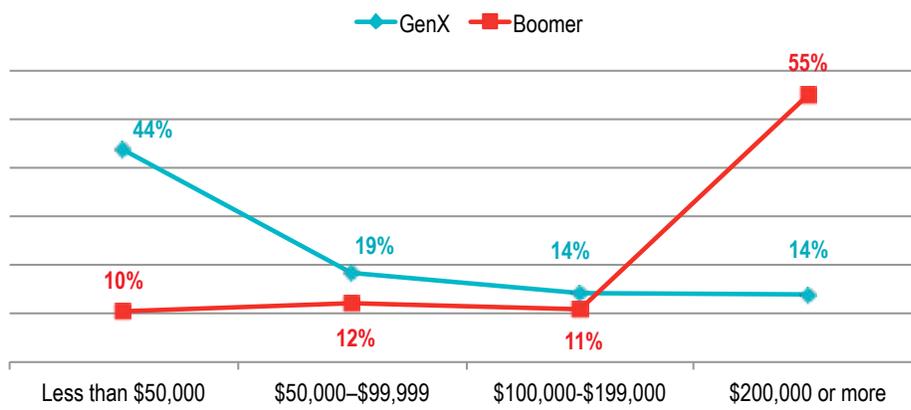
RETIREMENT SAVINGS

Nearly one in five Boomer women and 35% of GenX women do not have savings for retirement. Of GenX women with savings, a significant percentage have less than \$50,000 saved for retirement. These women likely have some catching up to do, and the older of them, just entering their fifties, are now eligible for catch-up contributions to their employers' defined contribution plans and/or IRAs.

Just over half of Boomer women with savings have \$200,000 or more saved for retirement. Even this level of savings, however, will likely require careful management to last throughout a retirement that could be decades long. For example, Fidelity estimates that the average couple could face \$220,000 in health care expenses throughout a 20-year retirement.⁸ Thus savings in the \$200,000 range may prove to be barely adequate for a long-term retirement. Given this reality, there is a need to manage distribution in a way that provides income, protects principal, and helps manage expenses.

HOW MUCH DO YOU HAVE SAVED FOR RETIREMENT?

PERCENTAGE OF THOSE WITH SAVINGS



11% of GenX and 12% of Boomer women don't know how much they have saved for retirement.

RETIREMENT INCOME SOURCES

PENSIONS & EMPLOYER PLANS

Slightly more than half – 56% – of Boomer women expect to receive some retirement income from a traditional defined benefit pension, and 37% expect that a pension will be a major source of their retirement income. GenX women are much less likely to expect any sort of traditional pension, just 38%, with 23% anticipating that it will provide a major portion of their retirement income.

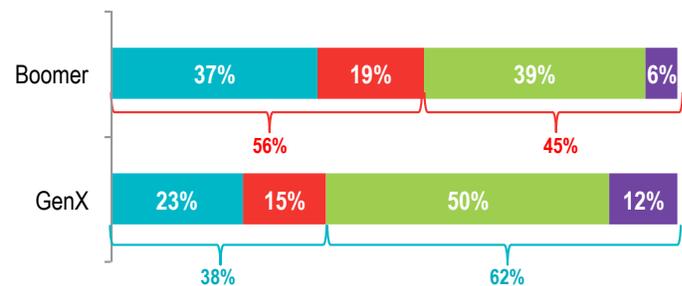
More than half of Boomer women (60%) – and 70% of GenX women – expect that some of their retirement income will come from an employer-sponsored retirement savings plan, such as a 401(k).

GenX women are more likely to say that they don't know whether they will rely on either a traditional pension or employer-plan savings as a source for their retirement income.

Significant numbers of both Boomer and GenX women – 35% and 21%, respectively – don't think that an employer

TRADITIONAL PENSION

Major source Minor source Not a source Don't know



EMPLOYER-SPONSORED SAVINGS PLAN I.E. 401(K)

Major source Minor source Not a source Don't know



plan will be a source of retirement income. There may still be time plan, to either enroll or increase their contributions, and to more for many of these women, if they have access to an employer actively engage in this savings opportunity.

OTHER RETIREMENT INCOME SOURCES

Other significant sources of expected income include personal savings and investments, IRAs, and not surprisingly, Social Security. Many GenX and Boomer women also plan to generate retirement income through some sort of employment, which may not be possible or feasible, given health issues and/or job market possibilities.

Uncertainty about various sources of income, especially for GenX women, may present an opportunity for advisors to help these women assess their current situations and the potential for action now. GenX and Boomer women will likely be juggling retirement income from multiple sources – another opportunity for advisors to help them thoughtfully and realistically plan and take appropriate action.

IRA

	GenX	Boomer
Major source	23%	26%
Minor source	31%	37%
Not a source	33%	34%
Don't know	14%	4%

EMPLOYMENT

	GenX	Boomer
Major source	22%	15%
Minor source	41%	38%
Not a source	20%	33%
Don't know	17%	14%

PERSONAL INVESTMENTS

	GenX	Boomer
Major source	18%	29%
Minor source	34%	37%
Not a source	37%	29%
Don't know	11%	5%

SOCIAL SECURITY

	GenX	Boomer
Major source	28%	47%
Minor source	48%	42%
Not a source	11%	6%
Don't know	13%	5%

PERSONAL SAVINGS

	GenX	Boomer
Major source	19%	17%
Minor source	49%	54%
Not a source	22%	25%
Don't know	10%	5%

SELL/REFINANCE HOME

	GenX	Boomer
Major source	10%	9%
Minor source	14%	17%
Not a source	56%	60%
Don't know	20%	14%

INHERITANCE

	GenX	Boomer
Major source	7%	8%
Minor source	19%	22%
Not a source	61%	62%
Don't know	14%	8%

FAMILY SUPPORT

	GenX	Boomer
Major source	2%	0%
Minor source	8%	6%
Not a source	75%	84%
Don't know	15%	10%

CURRENT INVESTMENTS

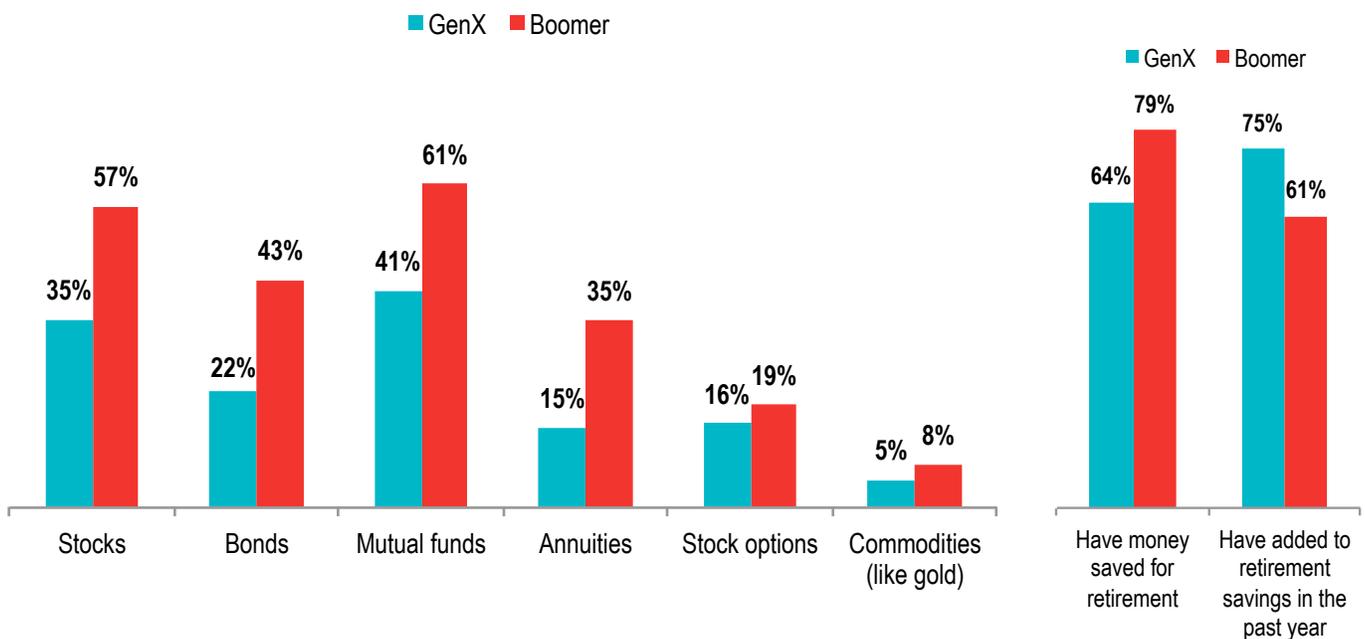
Just as they may be juggling multiple types of retirement income, many GenX women and even more Boomer women are juggling multiple types of investments. Annuities, which can be essential in generating guaranteed retirement income streams, are not as prevalent in these women’s portfolios as perhaps they could be. Just 35% of Boomer and 15% of GenX women report that they own annuity products.

Still, many report that they are currently saving for retirement, and qualified retirement savings are often converted to lifetime income strategies, such as annuities, to protect principal and guarantee an income stream in retirement.

What may be cause for concern are the 19% of Boomer and 35% of GenX women who report that they have no retirement savings at all. Another potential danger sign: One-quarter of GenX women and nearly 40% of Boomer women report that they have not contributed to their retirement savings in the past year.

WHAT TYPES OF INVESTMENTS DO YOU CURRENTLY OWN?

SAVINGS: PERCENT WHO...



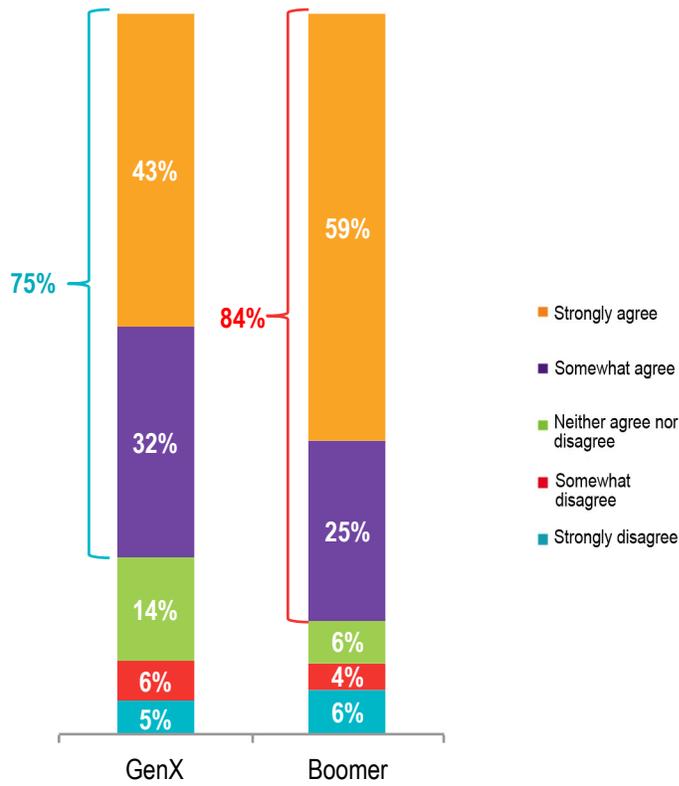
FINANCIAL MANAGEMENT

Most GenX and Boomer women feel that they do a good job managing regular day-to-day financial matters, such as banking, credit and expense management tasks.

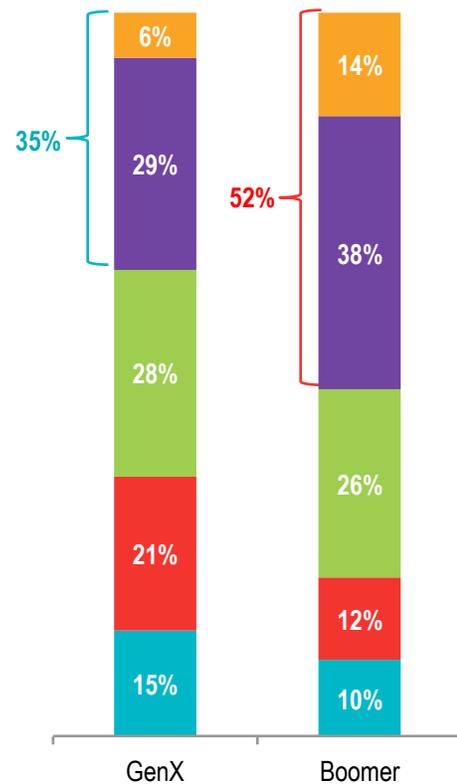
When it comes to keeping up with economic and financial news, however, they are far less likely to agree, and very few strongly agree. Just 35% of GenX women report that they regularly keep up with economic and financial news. This is consistent with advisor research by IRI that finds 40% of women (of all ages) express little or no interest in financial advising as a career because they find the subject boring or not interesting.

An advisor who actively monitors financial and economic news can be of enormous value to GenX and Boomer women as they manage the variety of their investments and plan for future retirement security and income.

I AM GOOD AT DEALING WITH DAY-TO-DAY FINANCIAL MATTERS SUCH AS CHECKING ACCOUNTS, CREDIT- AND DEBIT-CARDS AND TRACKING EXPENSES



I REGULARLY KEEP UP WITH ECONOMIC AND FINANCIAL NEWS



ADDING FINANCIAL ADVISORS TO THE MIX

GEN-X AND BOOMERS USING AN ADVISOR

More than half of Boomer women and more than three-quarters of GenX women have not consulted with a financial advisor to help them plan for their retirement, despite the fact that most do have a target retirement age in mind and many will need to manage income for a variety of sources and have multiple investments.

Their planning – what there is of it – may be happening in a vacuum, without the benefit of professional and informed guidance.

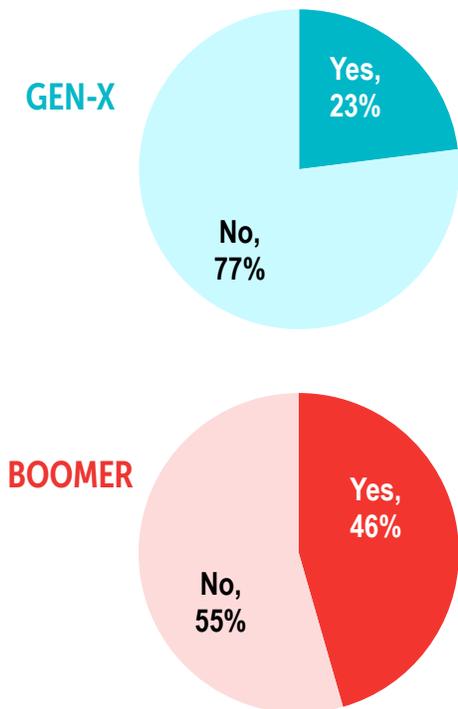
For both GenX and Boomer women who do use a financial advisor, retirement planning is one of the most sought advisor services (for 79% of GenX and 78% of Boomer women). The most-often-cited reason for not consulting with a financial advisor is that they do not have enough savings to do so or make it worthwhile.

And yet:

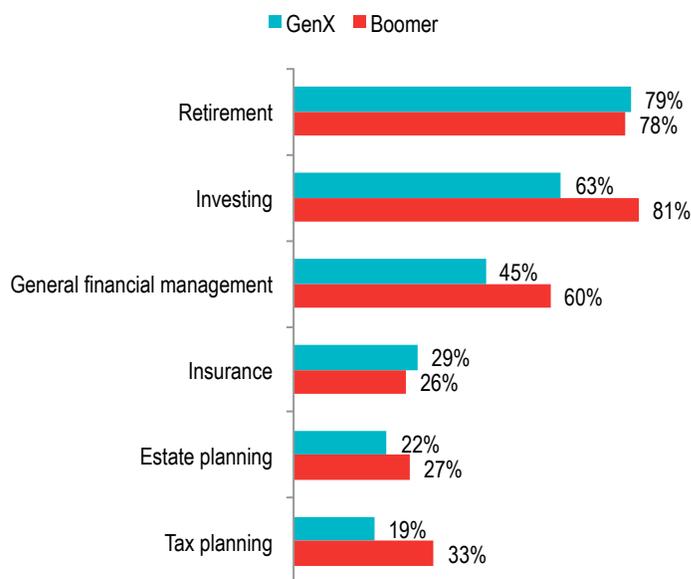
- Use of an advisor generally increases savings; people who use an advisor exhibit better savings behaviors.
- Most Boomer and GenX women do have at least some money saved for retirement, and several other types of investments.
- Retirement planning and saving is a universal need – all workers need to save and plan for retirement, and advisors can add value to the process, in terms of both behavior and confidence.

Retirement planning ranks highest on the list of advisor services used by GenX women, and it's a close second for Boomers. Help with overall investing and help with general financial management also are highly sought advisor services for GenX and Boomer women. Insurance, estate planning and tax planning services are also used, but by fewer women.

HAVE YOU CONSULTED A FINANCIAL PLANNER TO HELP YOU PLAN FOR YOUR RETIREMENT?



WHAT SERVICES DO YOU USE YOUR FINANCIAL PLANNER FOR?



BENEFITS OF WORKING WITH AN ADVISOR

There are both qualitative and quantitative benefits to working with an advisor, and the duration of advisor relationships indicate that those who do consult an advisor appreciate these benefits. As GenXers and Boomers – especially women – approach and need to plan for retirement, these benefits can be particularly important in improving their confidence, behaviors and outcomes.

Qualitative Benefits*	
Help with a financial plan	Professional expertise, customized and individualized financial advice, “A doctors listens to your symptoms and asks questions about symptoms you may not have known you had. Similarly, an advisor asks questions to get a clear picture of your financial health.”
Support to stay the course	It’s one thing to have a road map to your financial future, it’s another to stick to it. “A good advisor holds your hands.”
Greater peace of mind	People who work with an advisor or have a written financial plan have a more positive outlook on retirement than those who do not.
A long-term relationship	In keeping with the role of financial strategy developer and financial coach, relationships with advisors tend to be longterm.

*Source: “Why Work with an Advisor?” Tessa Wilmotte, Sun Life Financial, Brighter Life, January 20, 2014

Quantitative Benefits*	People who use an advisor	People who don’t use an advisor
Have ever contributed to an employer retirement savings plan	92%	86%
Currently contribute to an employer retirement savings plan	80%	74%
Contribute more than 15% of pay to an employer retirement savings plan	12%	7%
Feel in control of their retirement investment	77%	71%
Feel that they have barriers to saving	60%	78%
Feel very or somewhat prepared for retirement	73%	43%
Pay off credit cards in full every month	64%	45%

*Source: “Advisor Value.” ING Retirement Research Institute, September 2012

WOMEN AS ADVISORS

The Boston Consulting Group (BCG) found that more than half of women surveyed felt that wealth managers could do a better job of meeting the needs of their female clients, and nearly a quarter think that wealth managers could significantly improve how they serve women.⁹ While men are more interested in wealth accumulation, according to a large-scale study by BCG, women focus on long-term financial security for themselves and their families. They value being heard and respected by their financial advisors and place trust as a very high priority. Financial services firms will need to effectively engage women with products and services tailored to their needs and desires, including a risk profile that’s distinct from men’s.

An important step in helping GenX and Boomer women better face their retirement challenges may be to consult with women advisors; 70% of women prefer to work with a woman financial advisor¹⁰ (yet only 21% of Boomer women who use an advisor say that their current advisor is a woman). And there is a dearth of women currently in the role; only 30% of financial advisors are women.

Many broker-dealers and other financial services organizations are aggressively trying to recruit women to the advising profession, recognizing that women are uniquely suited to the highly personal, consultative advisor role that other women seek.

IRI Research finds that there are challenges in recruiting women as advisors, namely:

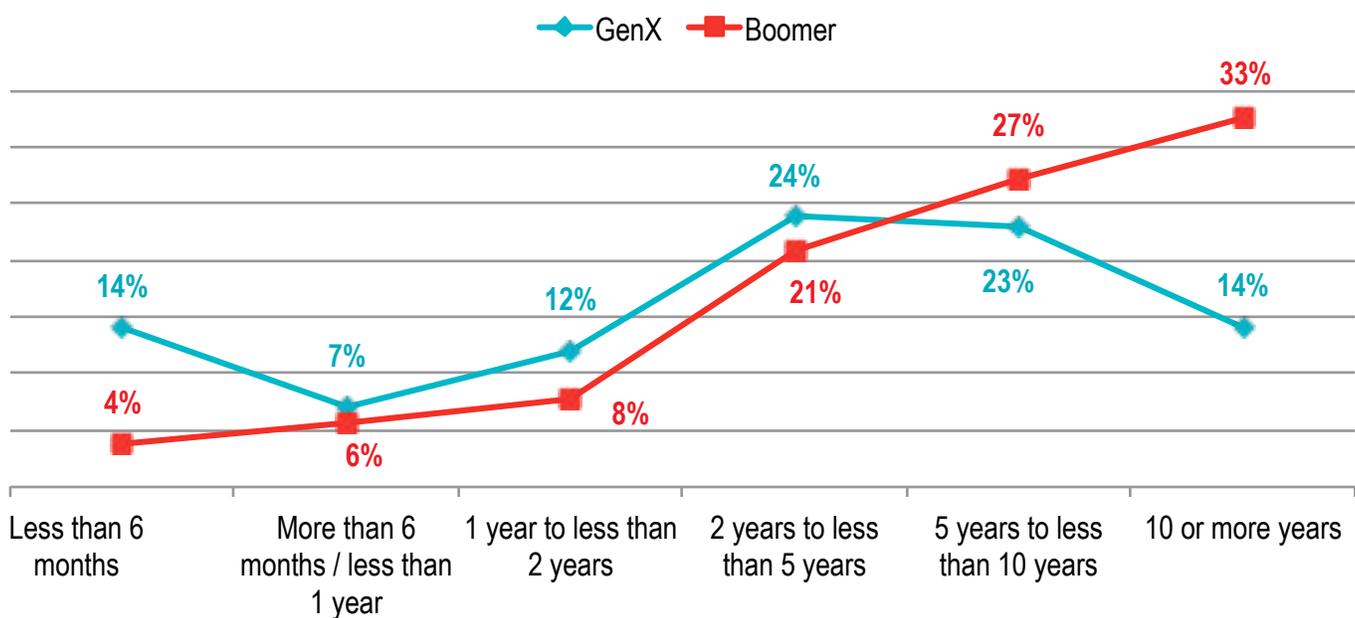
- **67% of women are currently highly satisfied (top three on a one – 10 scale) with their current jobs, and 58% are very unlikely to be looking for a new job within the next 12 months.**
- **One-third (32%) are unfamiliar with the financial advising industry; only 13% are “very familiar.”**
- **Very few (9%) have ever thought about a career as a financial advisor.**

ADVISOR RELATIONSHIPS

GenX and Boomer women’s relationships with their advisors (when they use them) are longstanding. Of those who do use an advisor:

- **More than half – 60% – of Boomer women have been consulting the same advisor for five or more years, and a third for 10 or more years.**
- **One-fifth (21%) of GenX women are just starting out with an advisor relationship of less than a year and, being younger, fewer have advisor relationships of 10 or more years.**
- **Most (61%) of GenX women report advisor relationships of two or more years.**

HOW LONG HAVE YOU BEEN USING YOUR CURRENT FINANCIAL PLANNER?



WHY WOMEN AREN'T INTERESTED

The main reason women aren't interested in or haven't pursued a career as a financial advisor is that they don't find it interesting – or find it boring.

This represents possibly the biggest challenge in recruiting women to a field for which they may be especially well-suited. “Women helping women,” can be a powerful charge, with appeal for women, especially when combined with the characteristics of an advising career that women do find important.

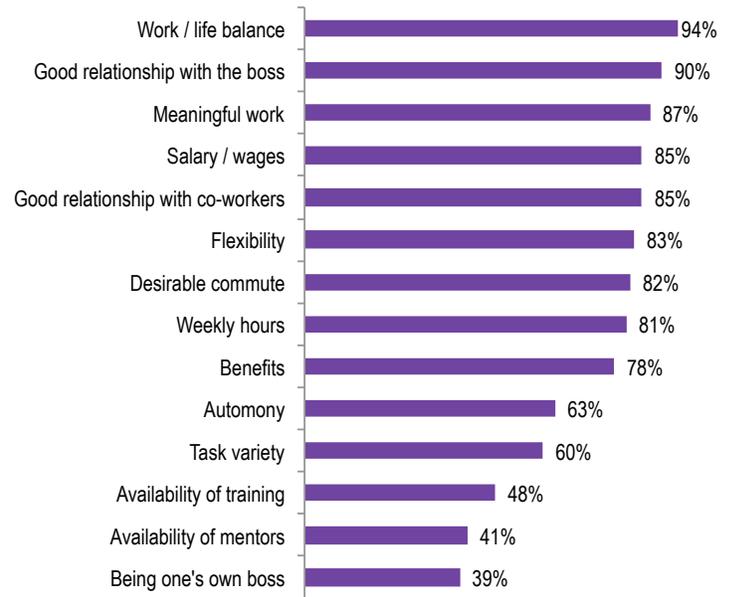
WHAT WOMEN VALUE IN WORK

Women may not realize how closely aligned their own priorities are with a career in financial advising. The opportunity for work/life balance, meaningful work, flexibility and good relationships are all integral parts of a successful advising career. Even lesser-ranked features, such as autonomy, variety, training, mentoring and the ability to be one's boss are all characteristic of a career as a financial advisor.

The IRI White Paper, "Women and Financial Advising Careers: Perspectives and Priorities" (March, 2013) contains a more detailed analysis of the opportunities and challenges in recruiting women to a financial advising career.

The biggest challenges may be in overcoming the "boring bias" women feel towards becoming a financial advisor, and adequately communicating how closely such a career can meet their own priorities.

TOP (VERY OR EXTREMELY IMPORTANT) FACTORS IN EVALUATING A JOB



CONCLUSION

Women may face unique situations and challenges, relative to men, but they are not a "niche market" or a "minority population" as some may have portrayed them – women represent half of the U.S. population. As Boomer women retire, and still more Boomer and GenX women enter and work during their critical retirement saving and planning years, their needs and challenges are significant.

At this critical time, few express strong confidence that they will have the income they need for retirement. Significantly less than half feel that they have done a good job of preparing financially for their retirement years. The majority have not tried to determine how much money they will need to actually retire. They expect that they will need to balance multiple sources of retirement income, they own multiple types of investments, yet do not regularly keep up with financial news.

At the same time, just under one-half of Boomer women and just under one-quarter of GenX women do what could be the most important thing in helping them prepare and plan for (and through) a successful retirement: Consult a financial advisor. Many may be more willing to consult a woman advisor, yet women represent less than one-third of the advisor community.

A key to helping GenX and Boomer women, then, may be in creating more opportunities for them to seek the help of women advisors, which will require recruiting more women to the profession. The challenge, for financial services organizations and providers, is to help women better understand the rewards of a career as a financial advisor.

Harnessing the power of women helping women can make a difference in how well women retire.

METHODOLOGY

This paper is based on research obtained through three surveys describe below. The Insured Retirement Institute commissioned Woelfel Research, Inc., to conduct these surveys. GenX: 403 women between the ages of 32 and 51 were surveyed in December 2013. Baby Boomer: 414 women between the ages of 51 and 67 were survey in January 2014. Financial Advisor Opportunities: 603 women between the ages of 25 and 49 were surveyed in March 2013. All data obtained through these surveys were weighted by age based on data from the U.S. Census. Percentages may not add up to 100 due to rounding.

	GenX	Boomer	Financial Advisor Opportunities
When?	December, 2013	January, 2014	March, 2013
Who?	403 Women Age 32-51	414 women Age 51-67	603 women Ages 25-49

All surveys were conducted by Woelfel Research Research, Inc.

FOOTNOTES

1. "Women as a percent of total employed in selected occupations, 2011," Bureau of Labor Statistics, May 2012.
2. Catalyst Knowledge Center, January, 2013
3. U.S. Statistical Abstract, 2010
4. "Women in the Labor Force: A Databook," Bureau of Labor Statistics, February 2013
5. Center for Women's Business Research, 2012
6. "What About Women (and Retirement)?," ING Retirement Research Institute, 2012
7. "Generational Differences Presentation," Renee Allen, 2008
<http://www.wmfc.org/uploads/GenerationalDifferencesChart.pdf>
8. Fidelity Benefits Consulting, 2013
9. "Leveling the Playing Field: Upgrading the Wealth Management Experience for Women," Peter Damisch, Monish Kuman, Anna Zakrzewski and Natalia Zhiglinskaya, The Boston Consulting Group, July, 2010.
10. "Women and Financial Advising Careers," Insured Retirement Institute, 2013



Insured Retirement Institute

PHONE | 202-469-3000

FAX | 202-469-3030

EMAIL | MEMBERSHIP@IRIONLINE.ORG

WEB | MYIRIONLINE.ORG

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