



WOMEN'S PERSPECTIVES

ON SAVING, INVESTING,
AND RETIREMENT PLANNING

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Insured Retirement Institute

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WOMEN'S PERSPECTIVES ON SAVING, INVESTING, AND RETIREMENT PLANNING

OVERVIEW

Working women in the United States face many challenges in managing their financial lives and saving for retirement. Women earn, on average, 21 percent less than men for comparable work. Compounding the problem, women are more likely than men to be caregivers – resulting in lost or decreased wages. This time out of the work force, combined with income disparities, decreases Social Security and employer-provided retirement benefits. The result is that women have less retirement savings and less retirement income from traditional resources, which are required to cover longer average retirement spans. The combination of greater longevity and insufficient retirement savings also places women at greater risk of becoming solely dependent on Social Security income in their retirement years. Financial advisors can help women understand the risks they face and plan for a successful financial future, but they must first understand what women are most concerned about, identify their knowledge gaps, and determine how they want to be engaged on financial matters.

This new study from IRI provides unique insights on women's perspectives – in comparison to their male counterparts – regarding investing, financial decision making, consulting financial professionals, evaluation of success, and financial knowledge. This survey also measures how married women see themselves as investment decision makers, how they view their partners, and the extent to which they feel they have different investment decision-making styles than their partners. This provides insight into solving a complex issue for financial advisors: how to effectively and successfully serve both members of a couple.

Women and men differ in their level of concern about, and engagement on, financial issues. Both women and men are most concerned about being able to pay bills, pay off debt, and the risk that their investments might lose value. But women also have a higher level of concern than men about issues such as their health, the well-being of their immediate family, and the economy. Women also are more concerned than men about accumulating enough money for retirement.

Women are more receptive to financial products, such as annuities, that can help them protect against future events that may adversely impact certain areas of their lives that concern them most. Yet, women also have a particularly low level of familiarity with annuities, setting the stage for annuities to be presented as solutions that address these concerns.

Only one in five women describe themselves as “do it yourself” investors, whereas close to half want to work with advisors in a “do it with me” or “do it for me” capacity. However, when working with advisors, women place a higher value on financial advisors who listen to them, are responsive to their concerns, and are pro-active in providing solutions rather than simply presenting products. Active listening, empathy, and explaining in detail how a financial product provides security in retirement are key skills for advisors to hone to be successful in positioning annuities with female clients.

KEY OBSERVATIONS

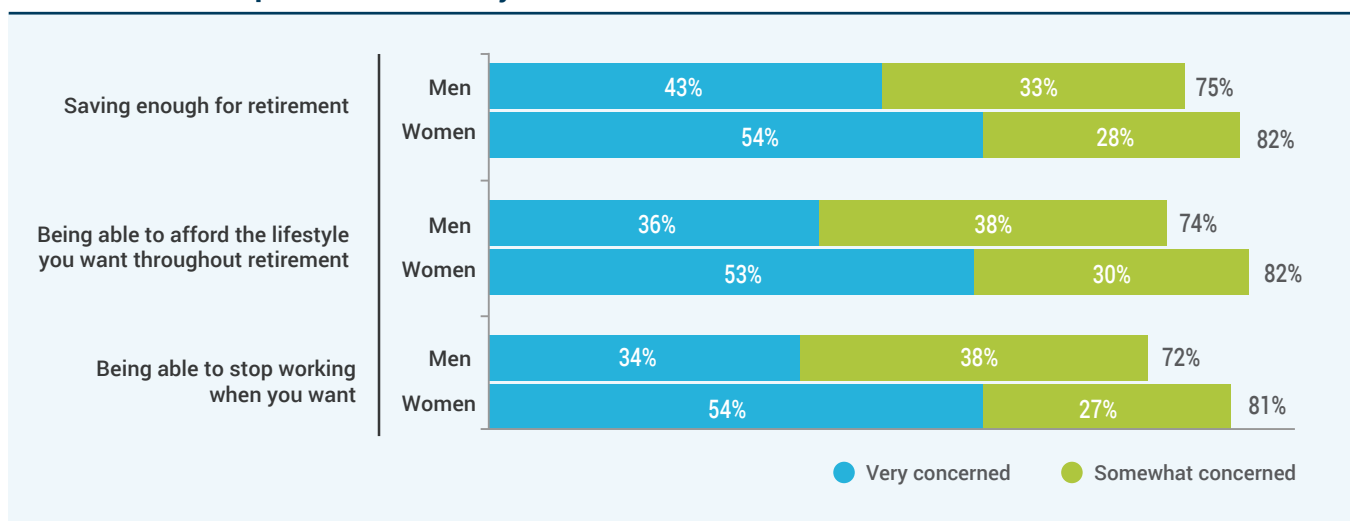
- **Men and women are both concerned about accumulating enough for retirement, though a higher proportion of women identified this as a top concern.**
 - » More than half of men and women believe they are behind schedule in saving for retirement.
 - » One in three of each gender hopes to retire from their primary occupation before age 65.
- **There are significant differences in how women and men approach investing.**
 - » Only one in five women consider themselves “do it yourself” investors, compared to 40 percent of men.
 - » Close to half of women say they are “do it with me” or “do it for me” investors.
 - » Three in 10 men believe their spouse or partner is a non-investor who wants them to handle everything, though this survey provides evidence that this is often a misperception.
 - » Women are more likely than men to believe that they and their spouse or partner equally manage investing responsibilities.
- **Education levels, and levels of investable assets, influence how both women and men feel about several issues.**
 - » Both women and men with higher levels of assets are more concerned about their assets decreasing in value, but this concern subsides as education levels increase.
 - » For both women and men, greater assets equate to a more positive view of success in making investment decisions. But neither women nor men with higher levels of education feel they make better investing decisions than their less educated counterparts.
 - » Both women and men with greater assets believe they are successful savers. But women with higher levels of education do not necessarily believe they are better savers, though their male counterparts do.
 - » Neither women nor men believe themselves to be particularly successful at selecting financial advisors, but more than twice those with higher asset levels believe they do a good job selecting advisors. Men with higher levels of education are more likely to believe they are successful at selecting an advisor, but women rate themselves about the same regardless of education level.
- **Women place extreme importance on a number of advisor characteristics concerning communication and relationship skills. Among the skills that women value significantly more than men:**
 - » Listening and being responsive.
 - » Explaining things well.
 - » Talking to her and not just her spouse.
 - » Using the form of communication that she prefers.
- **On a test of financial knowledge, men generally score higher than women. Women, though, are much more likely to say they are unsure of an answer, while men are more likely to bring forward an answer and get it wrong. Both women and men are most likely to answer incorrectly as to:**
 - » When an investor should re-balance their portfolios.
 - » The extent to which delayed claiming of Social Security benefits increases benefit levels.
 - » How much someone age 45 should save for retirement after two decades of under-saving.

- **Women are less knowledgeable than men on a wide variety of financial products. Women have a particularly low level of knowledge about both fixed and variable annuities.**
 - » Women are less knowledgeable about stocks, bonds and mutual funds, and are less likely to invest in equities.
 - » Women are significantly more likely than men to be unsure of how their investments are allocated.
- **Women express significantly more concern about a variety of personal, financial and other issues than do men.**
 - » Women are most concerned about the value of their investments going down, paying off debt, and having enough money to pay their bills.
 - » Other issues women are concerned about include family health, general welfare of the family, and the economy.
- **Older women are more likely than younger women to:**
 - » Be knowledgeable about financial issues.
 - » Have a relationship with a financial advisor.
 - » Own a variety of financial products.
- **In comparison to older women, younger women are:**
 - » More concerned about personal financial issues.
 - » More likely to talk to friends and co-workers about financial issues.

SAVING FOR RETIREMENT AND MANAGING FINANCIAL ISSUES

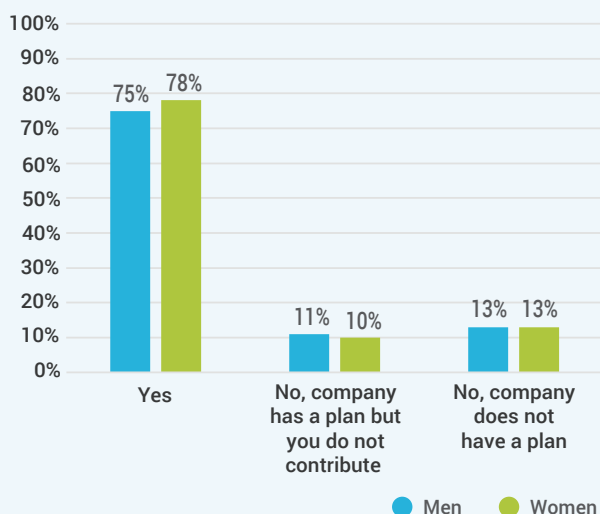
Both women and men are concerned about saving enough for retirement, specifically that they will be able to save enough to afford the lifestyle they want throughout retirement, and stop working at their desired retirement ages. Women are much more likely to say they are “very concerned” about saving enough to realize their visions for retirement.

Concern About Aspects of the Ability to Retire

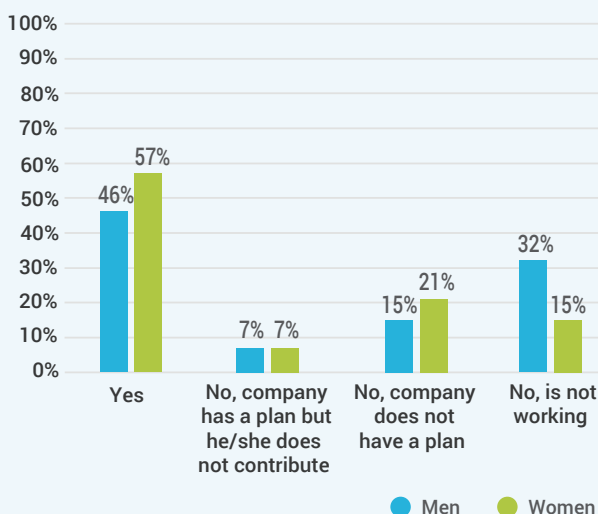


In terms of taking steps to prepare for retirement, 78 percent of women and 75 percent of men say they are currently contributing to their company's retirement plan, though fewer say the same about their spouses or partners. The fact that many are contributing, but also are very concerned about not being able to retire when and how they want to, implies that they may not be saving enough to feel secure about reaching their retirement goals.

Currently Contributing to a Retirement Plan?



Spouse/Partner Currently Contributing to a Retirement Plan?

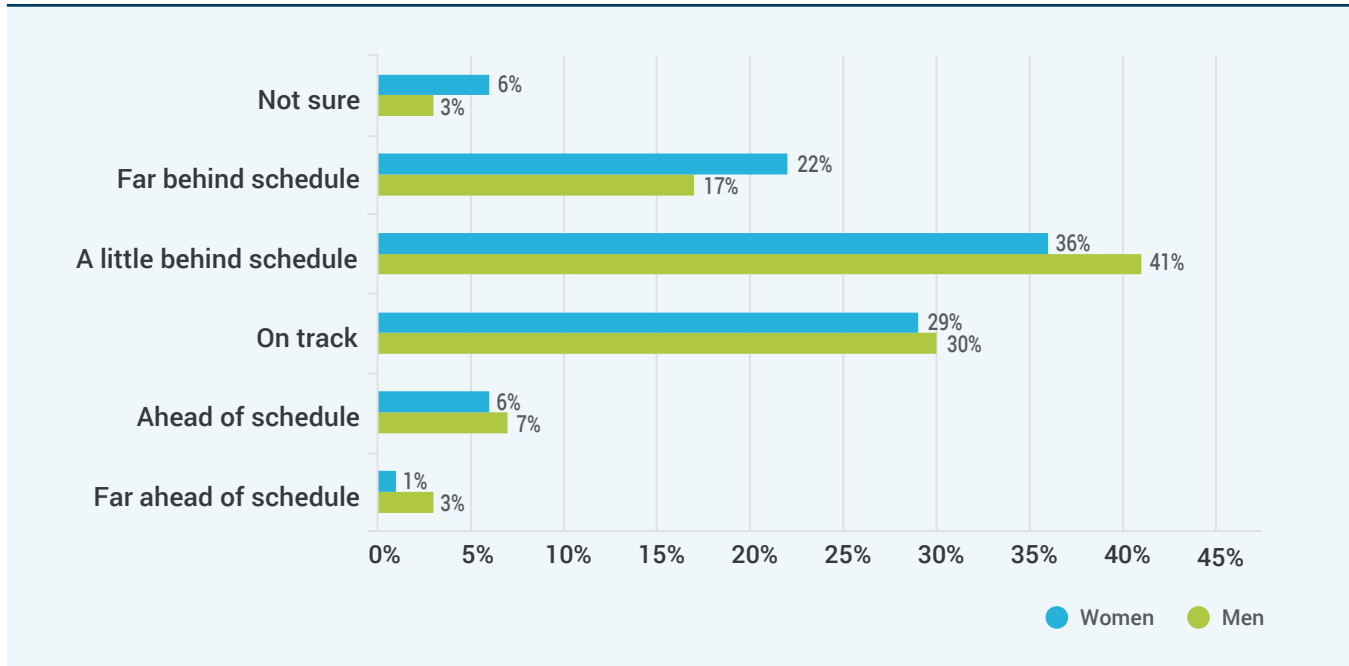


And interestingly, despite most reporting that they are contributing to company retirement plans, nearly six in 10 women and men report being behind schedule in saving for a financially secure retirement. Both men and women do not feel they are saving enough for retirement, indicating that inadequate savings rates may be more a function of a perceived lack of ability to save more than a lack of awareness regarding the need to save.

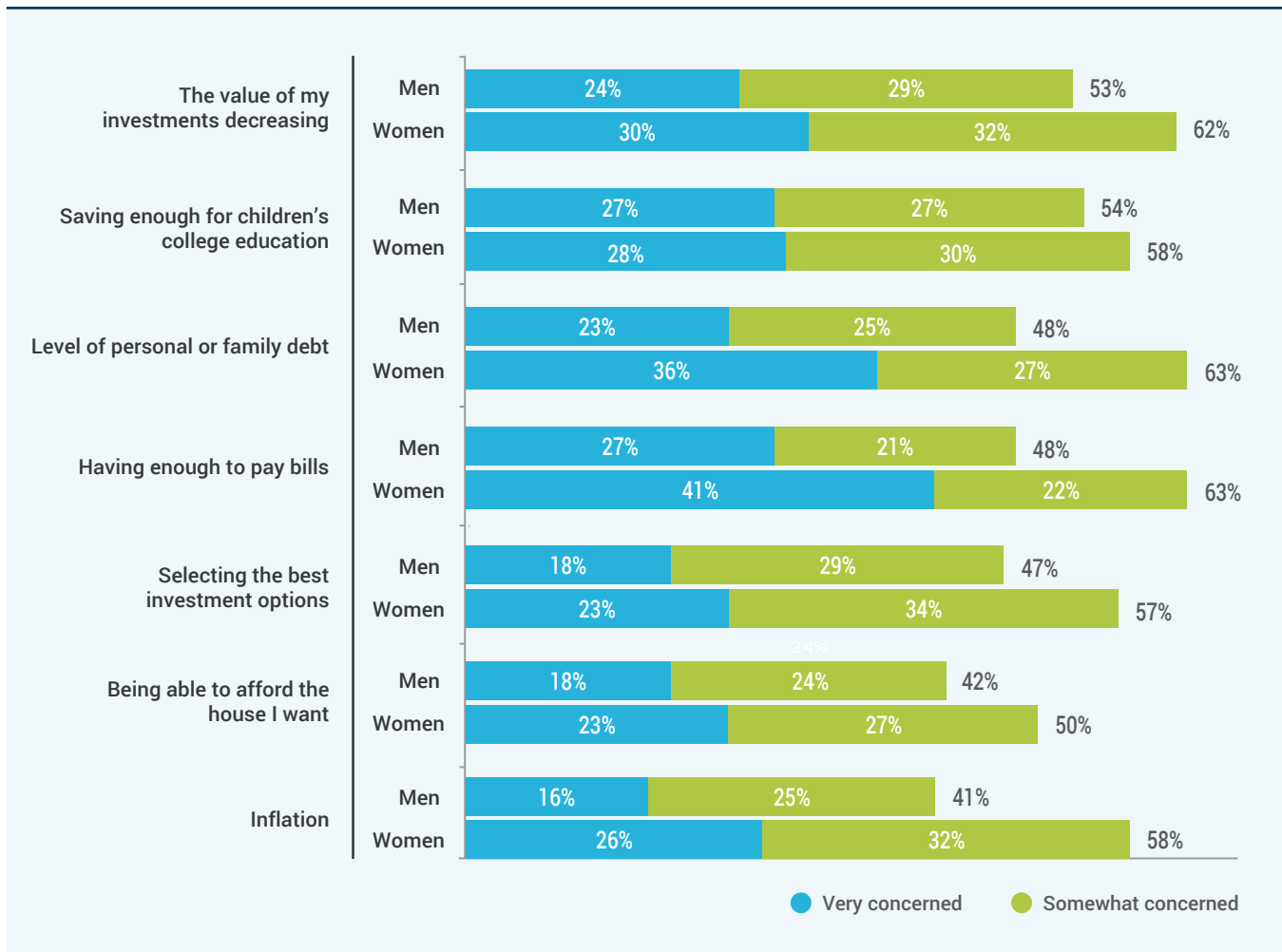
In addition to concerns about saving for retirement, both men and women have concerns about their personal or family debt and paying their bills. But these concerns are far more prevalent among women than men. As such, recognizing the need to save more for retirement may be extremely frustrating given competing financial concerns.

Despite these concerns, both men and women have achieved, or feel they are on track to achieve, nearer term financial goals. This includes, most notably, the purchase of a home. Other goals, such as paying off a mortgage or other debt, are more daunting.

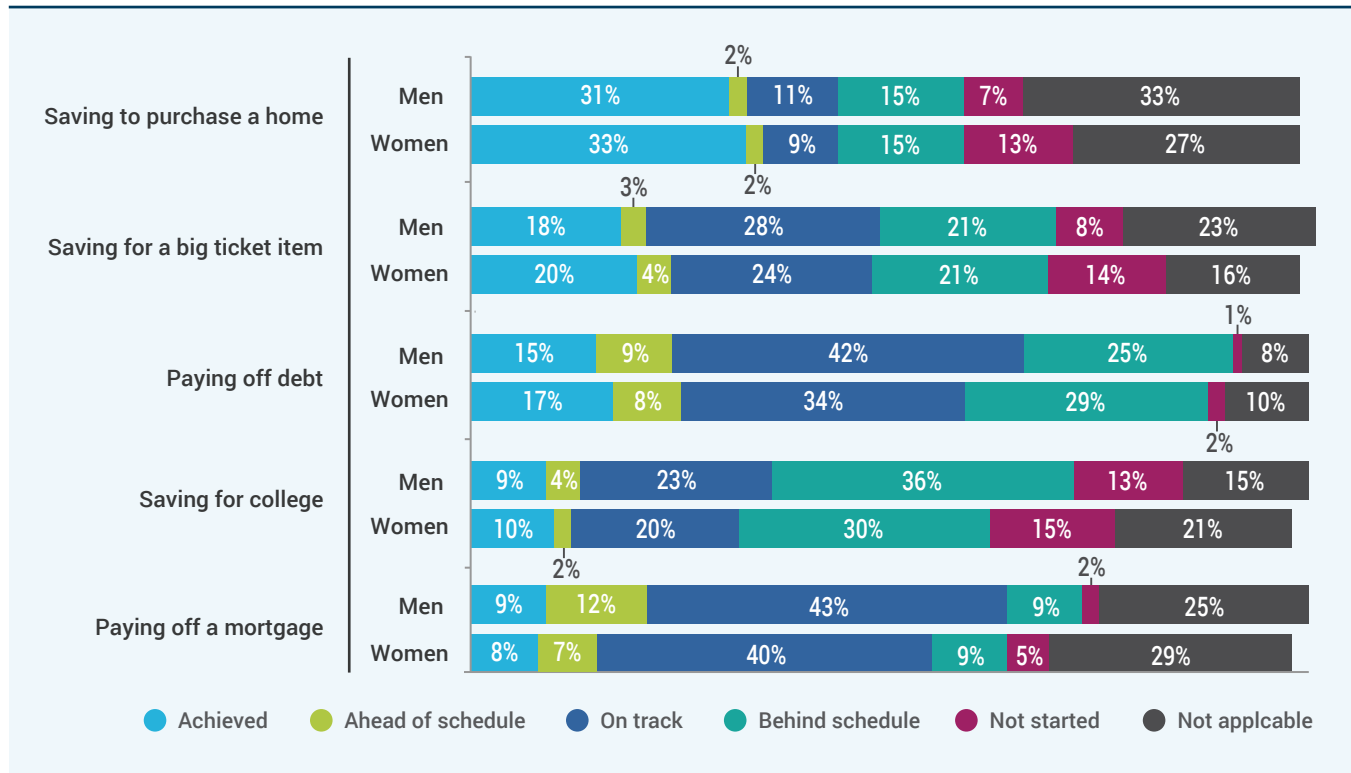
Retirement Saving Progress



Concern About Financial Issues

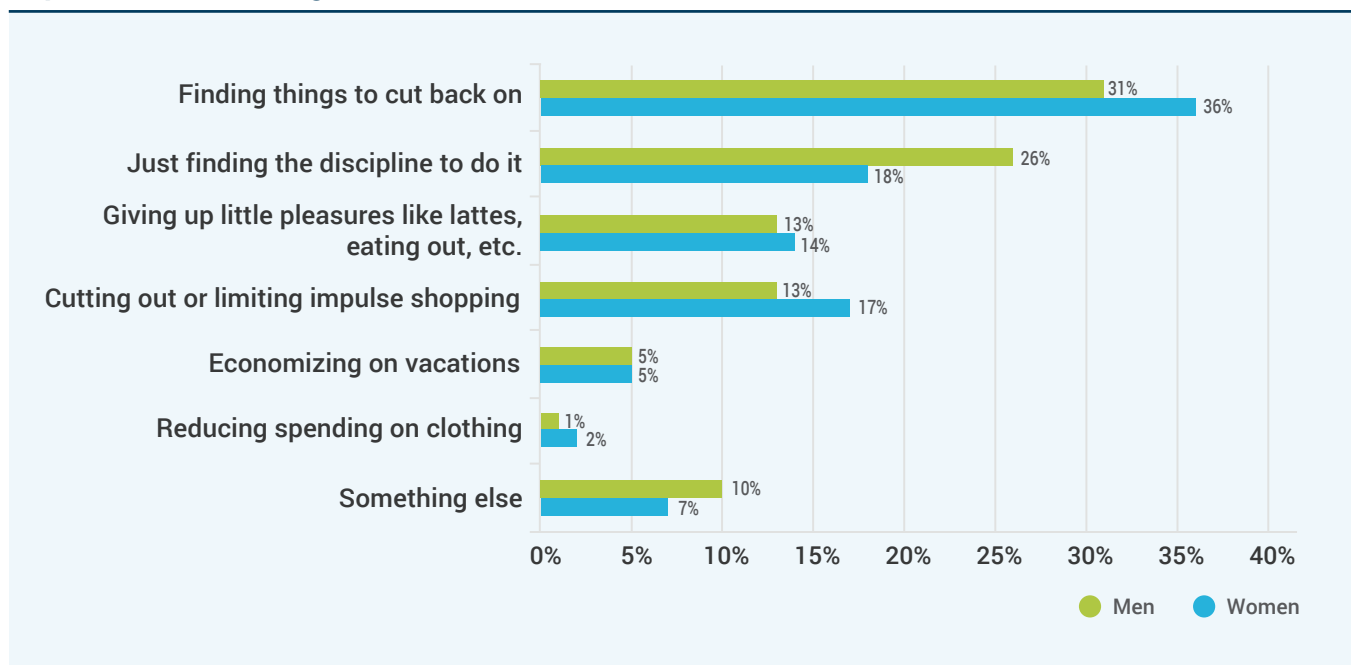


Progress Towards Financial Goals

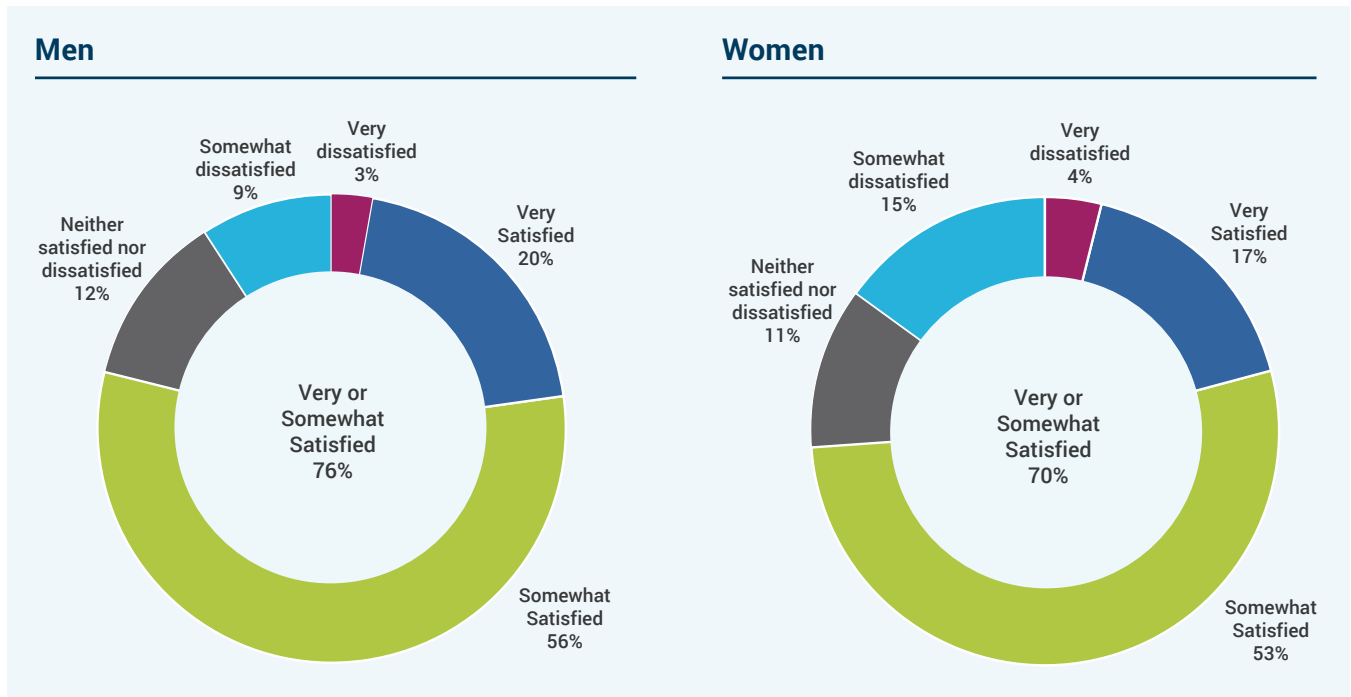


Both men and women say that hardest part about saving money is identifying those areas where they are willing to cut back. This is especially true of women, while men also are likely to say they lack the discipline to save.

Impediments to Saving

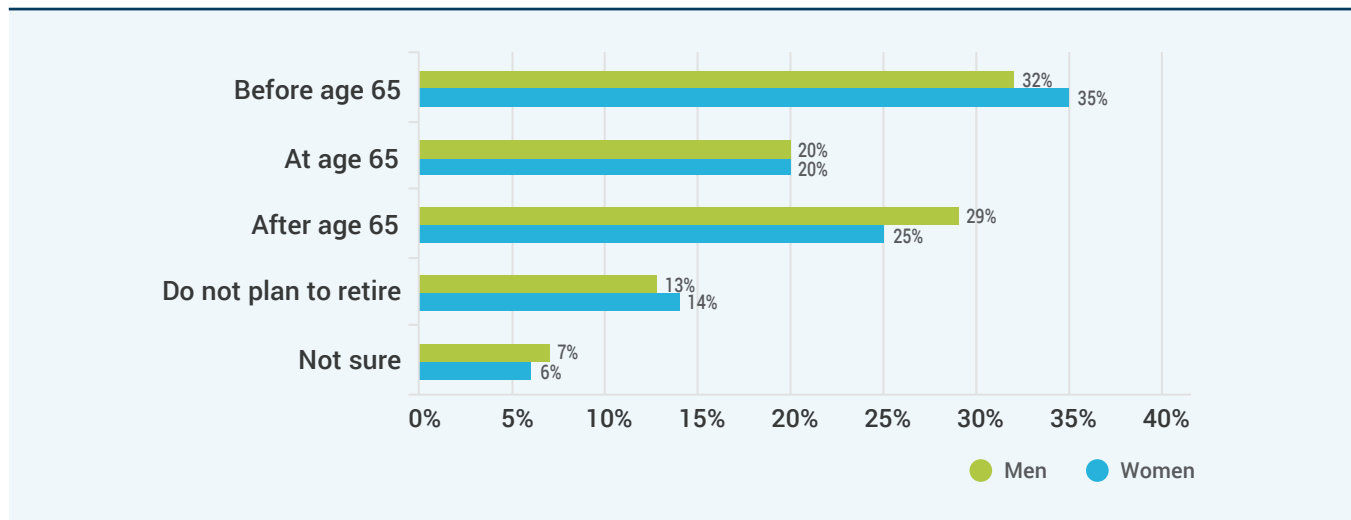


Yet, when asked how they feel about their current lifestyles, i.e. the ability to afford to do the things they'd like to do, the overwhelming majority of men and women are satisfied. In other words, they are relatively content today, but worried about tomorrow.



Despite concerns about the potential inadequacy of their savings and their current financial challenges, about one-third of women and men plan to stop working full time in their primary occupations before they reach age 65, and one in five plan to stop working full time at age 65. Only about 25 percent of women and 30 percent of men believe they will continue to work past age 65. This is surprising, and indicates some level of wishfully thinking on the part of respondents – they have definite ideas about when they want to retire, but do not have much confidence in being able to make it happen.

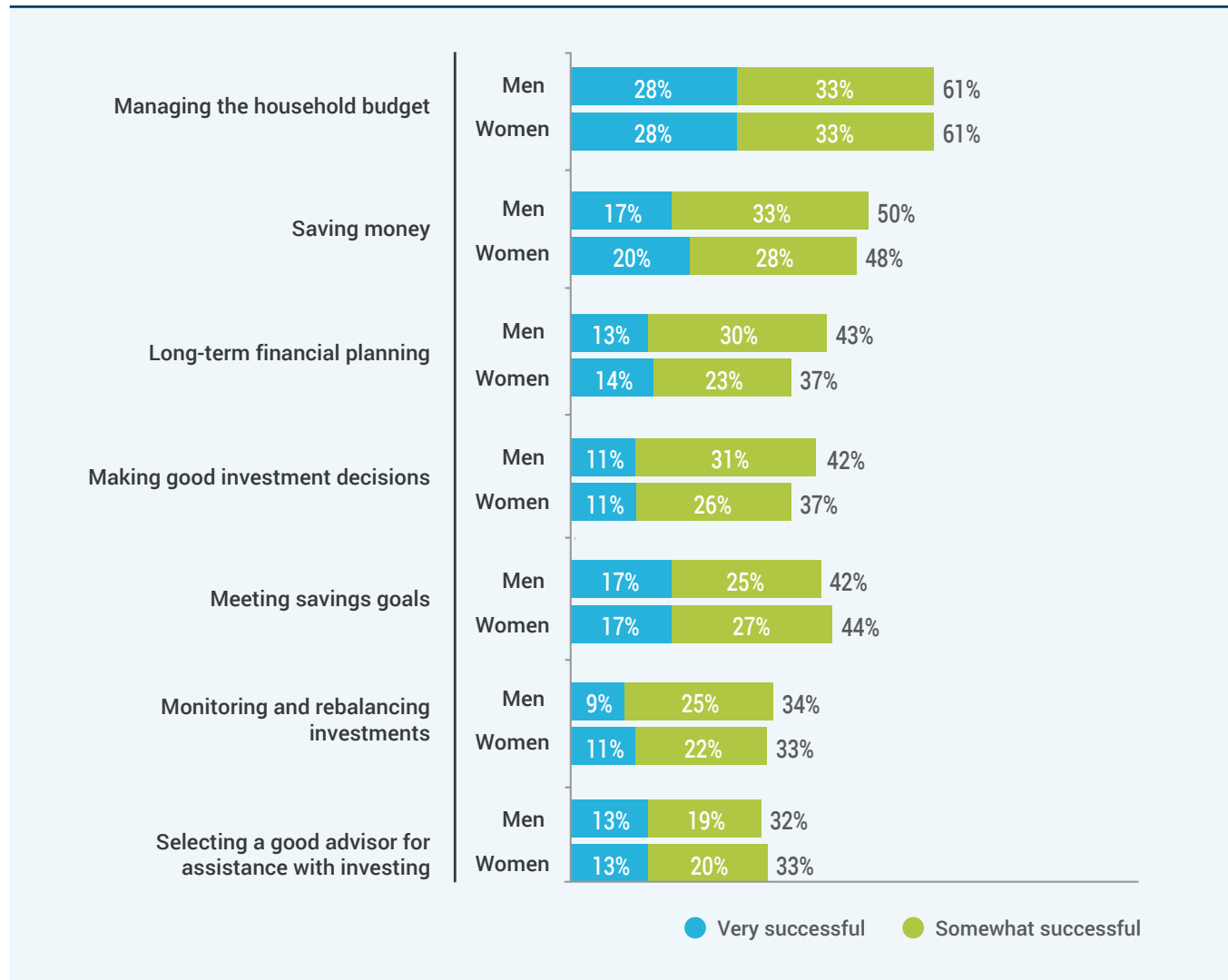
Desired Age to Stop Working Full-Time



Approaches to Saving and Investing

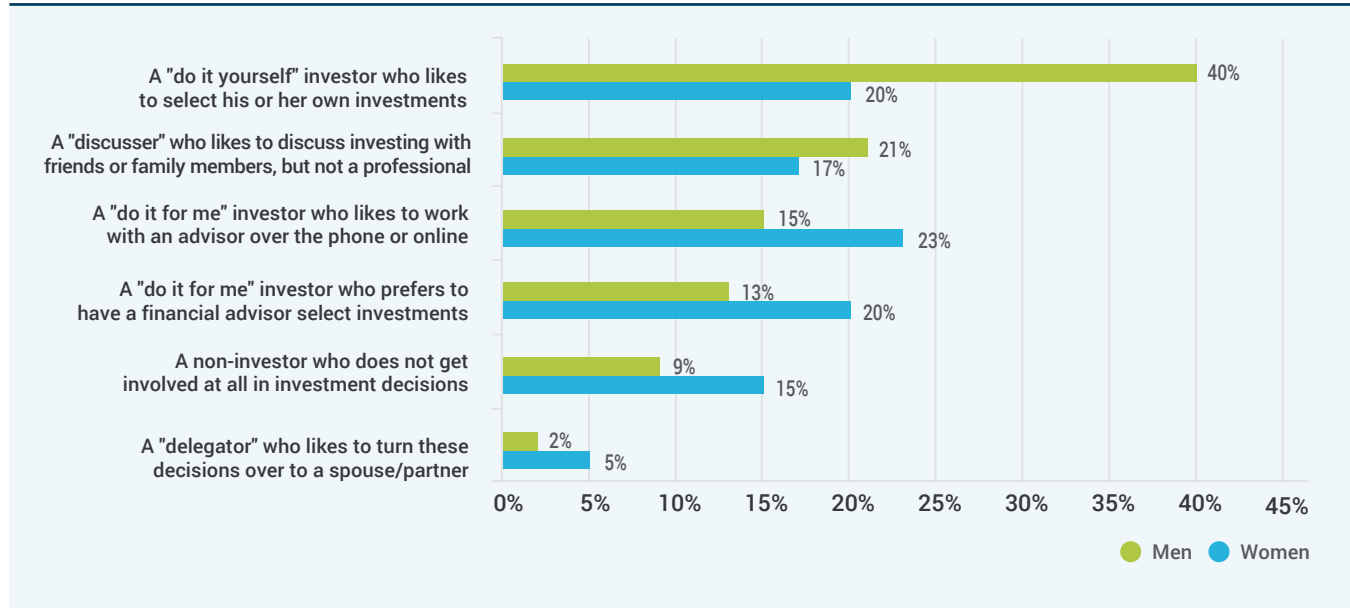
Both men and women have low assessments of their ability to plan for future financial issues, with neither gender believing they are particularly skilled at long-term financial planning, making sound investment decisions, meeting savings goals, monitoring and rebalancing investments, or selecting a good financial advisor. However, both men and women believe they do a good job managing the household budget. This is quite interesting given how worried they are about having enough money to pay bills and feeling behind schedule on saving for retirement.

Success Performing Financial Tasks



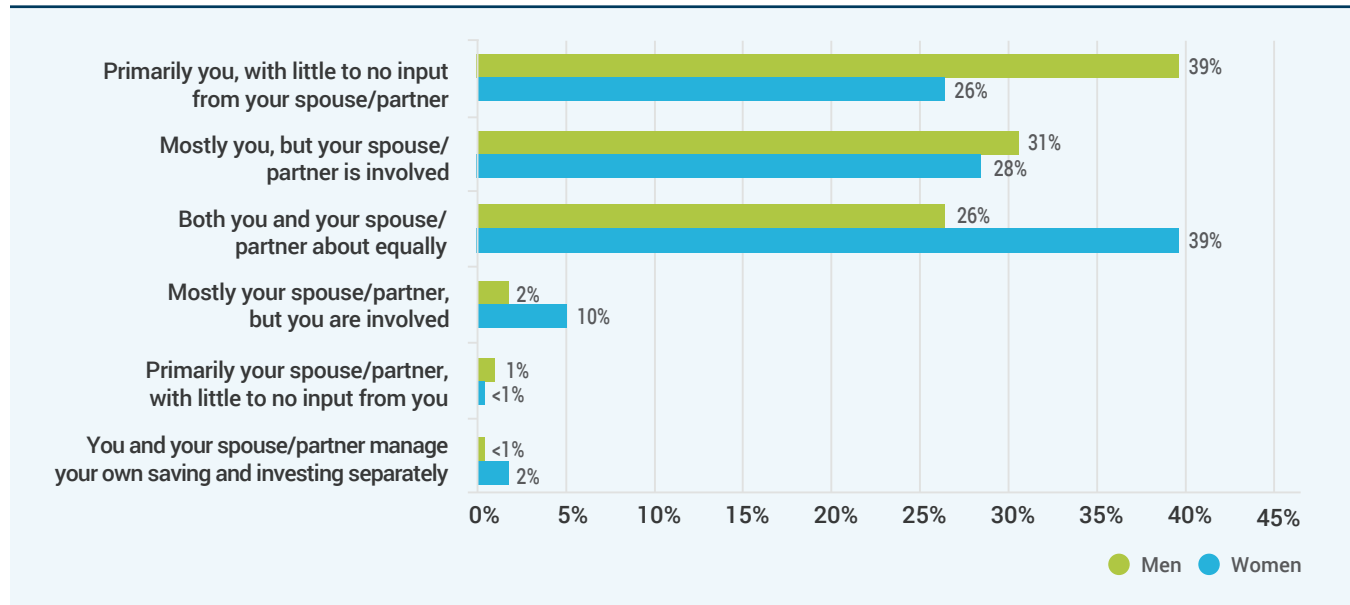
Much more discernable differences begin to appear between the genders when they assess their ability to make investing decisions. More so than men, women regard themselves as “do it for me” or “do it with me” investors, with men being twice as likely to think of themselves as “do it yourself” investors.

Making Investment Decisions



Four in 10 women state they make saving and investing decisions equally with their spouse or partner. Men are far less likely to have that perception, and are more likely to think of themselves as being in charge.

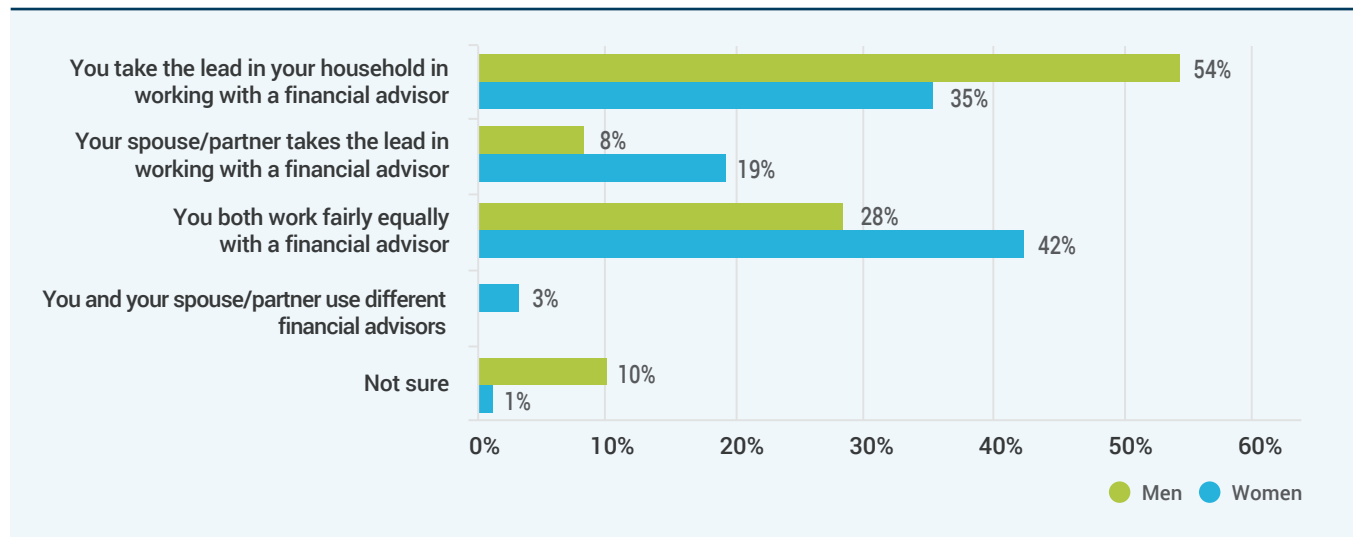
Making Saving and Investing Decisions



Relationships with Financial Advisors

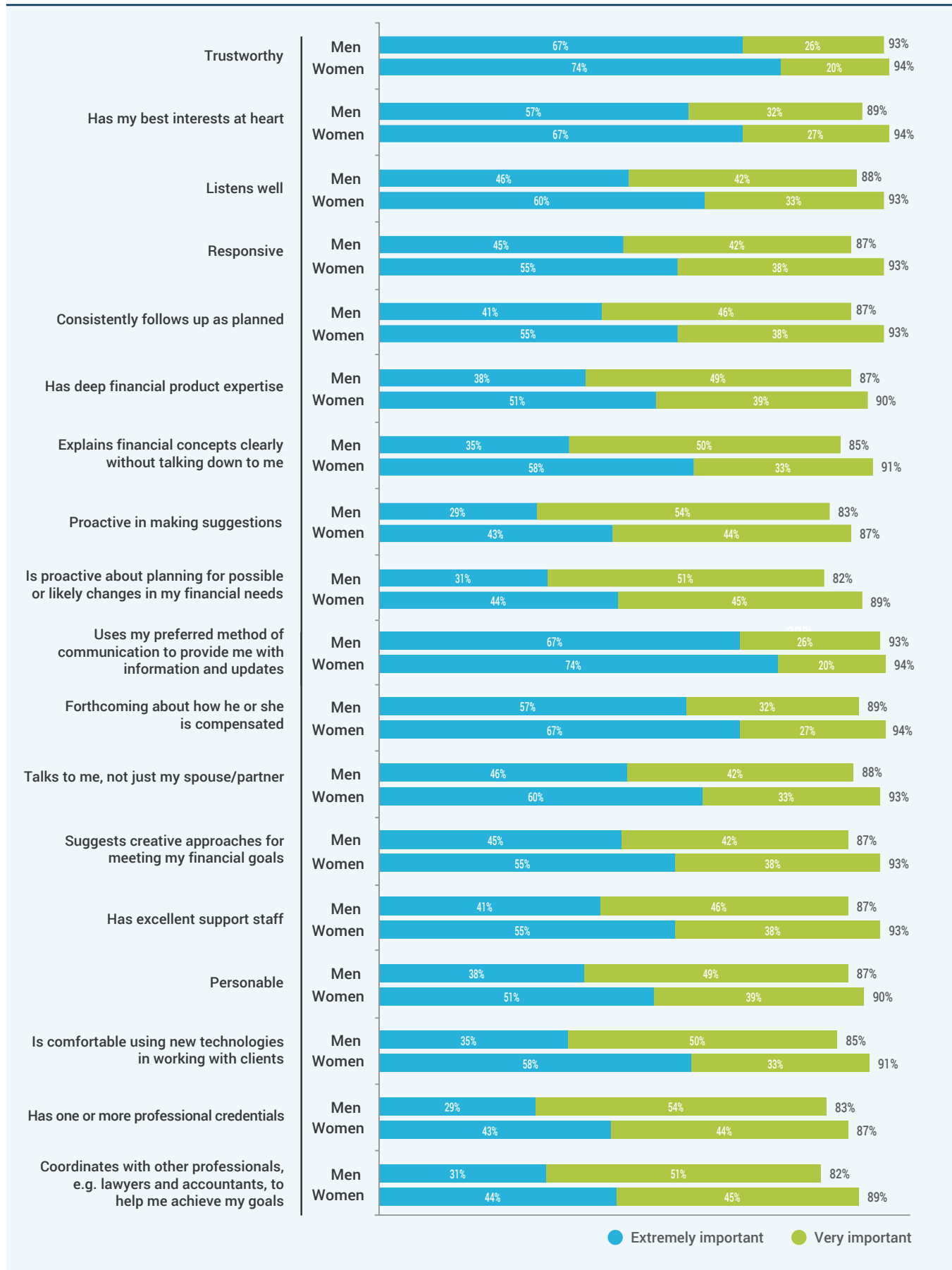
There are some key differences between men and women in both the level and manner of their engagement with financial advisors. Married or partnered men who use financial advisors are more likely than their female counterparts to claim they take the lead in working with the advisor, whereas married or partnered women who work with advisors are more likely than their male counterparts to state that they and their spouses or partners work equally with the advisor. Put another way, men are more likely to say "this is my job," while women are more likely to say "this is our job."

Who Takes the Lead When Working With a Financial Advisor?



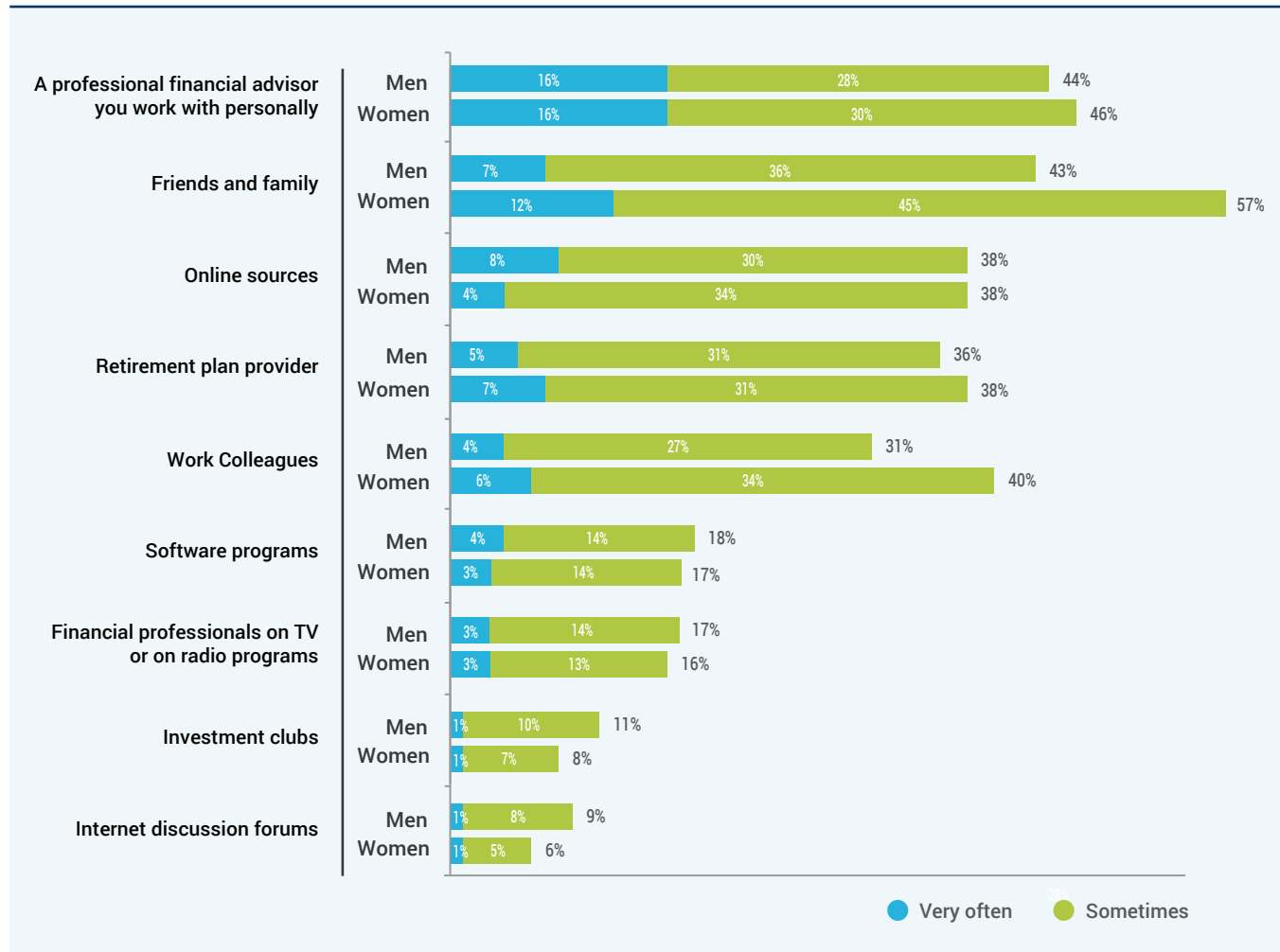
Regarding interactions with financial advisors, women are much more likely to describe a financial advisor's ability to explain financial concepts clearly, without talking down to them, as an extremely important characteristic. Listening well, being responsive, following up, and possessing deep expertise are also characteristics upon which women place a higher value than do men. Half of women say it is extremely important that their financial advisor speaks to them and not just to their spouses. Women also are more likely than men to desire a personable financial advisor, one who is comfortable using new technologies, and one who has excellent support staff.

Characteristics of Financial Advisors



● Extremely important ● Very important

Sources of Financial Advice



Women are more likely than men to seek advice about saving and investing from their social networks, including friends, family, or work colleagues. With regard to other sources of advice, such as professional financial advisors, online sources, or retirement plan providers, there is no apparent difference between women and men.

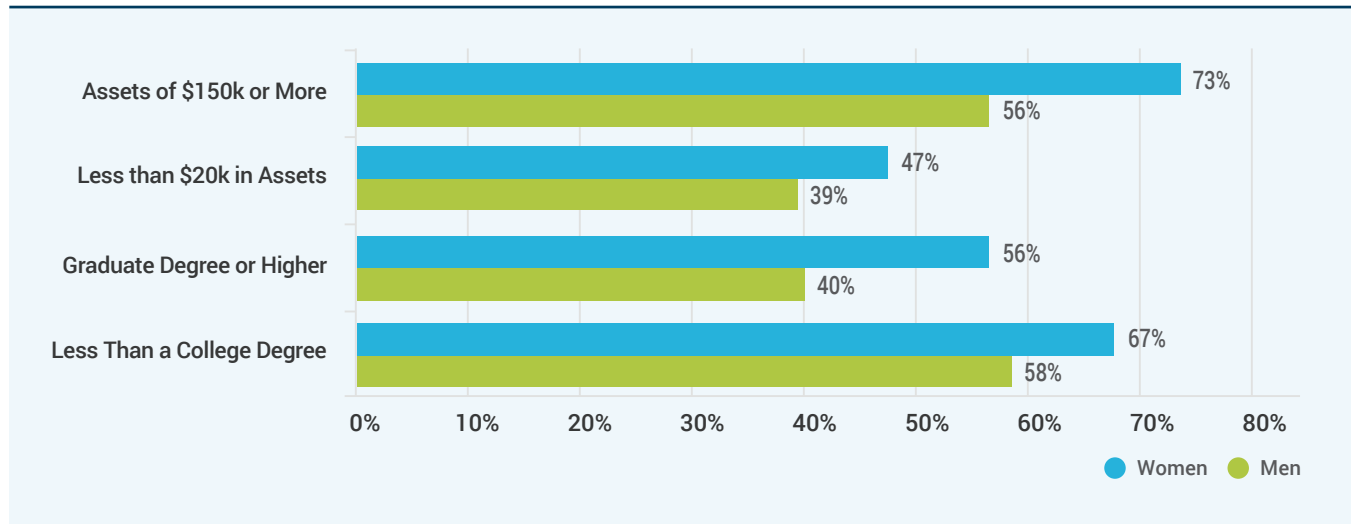
There are generational differences among women when it comes to seeking advice. Women age 25 to 39 are more likely than women age 40 to 65 to seek advice from friends and family, or online sources. Meanwhile, women age 55 to 65 are more likely to seek advice from a professional financial advisor, with whom they have an existing relationship, than younger women.

% Very Often/Sometimes	Female			Male		
	25 to 39 years old	40 to 54 years old	55 to 65 years old	25 to 39 years old	40 to 54 years old	55 to 65 years old
Friends and family	70%	51%	50%	52%	42%	28%
Online sources	45%	34%	35%	41%	42%	22%
A professional financial advisor you work with personally	39%	46%	58%	35%	48%	49%
Retirement plan provider	32%	40%	43%	30%	37%	46%
Software programs	17%	13%	21%	16%	21%	15%

THE INFLUENCE OF INVESTABLE ASSETS AND HIGHER EDUCATION

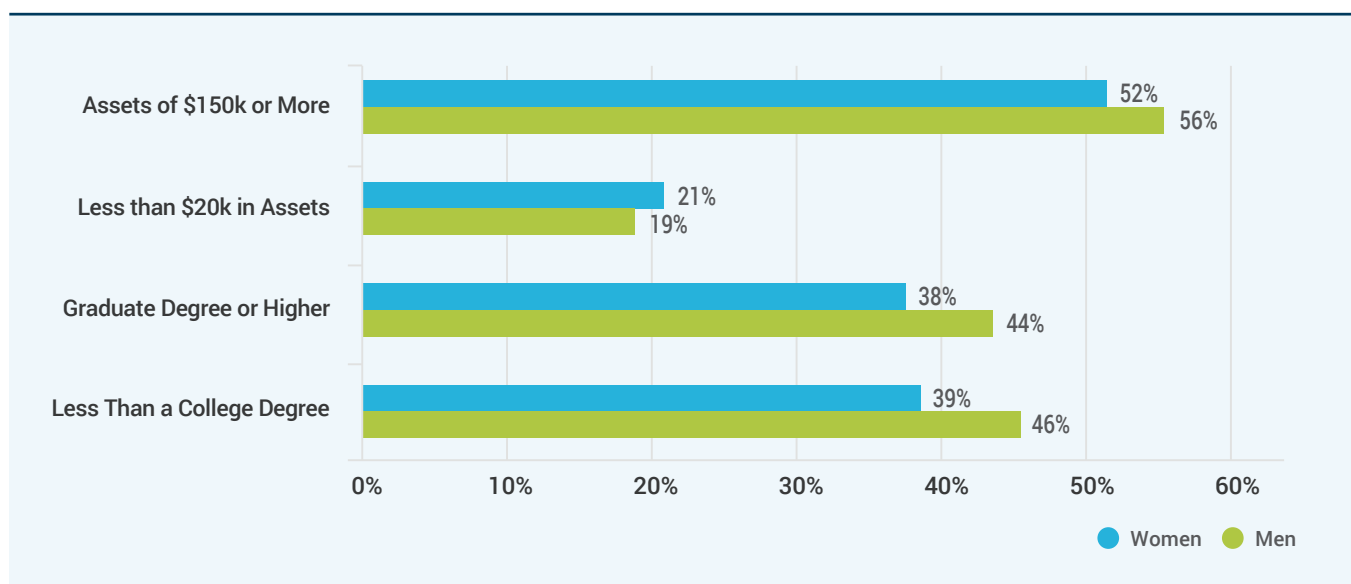
Women and men both show differences in their financial concerns based on their level of investable assets and their level of education. Both women and men with higher levels of assets are more concerned about the value of their assets decreasing, with women being more concerned than men. Of those with \$150,000 or more in investable assets, 73 percent of women and 56 percent of men are very or somewhat concerned the value of their assets will decrease. This same concern is shared by 47 percent of women and 39 percent of men with less than \$20,000 invested. Interestingly, higher levels of education equate to reduced concern about asset values decreasing, especially among males, with 67 percent of women with less than a college degree being very or somewhat concerned, versus 56 percent of women with graduate degrees, and 58 percent and 40 percent of men, respectively.

Percentages of Women and Men Very or Somewhat Concerned About Assets Decreasing in Value



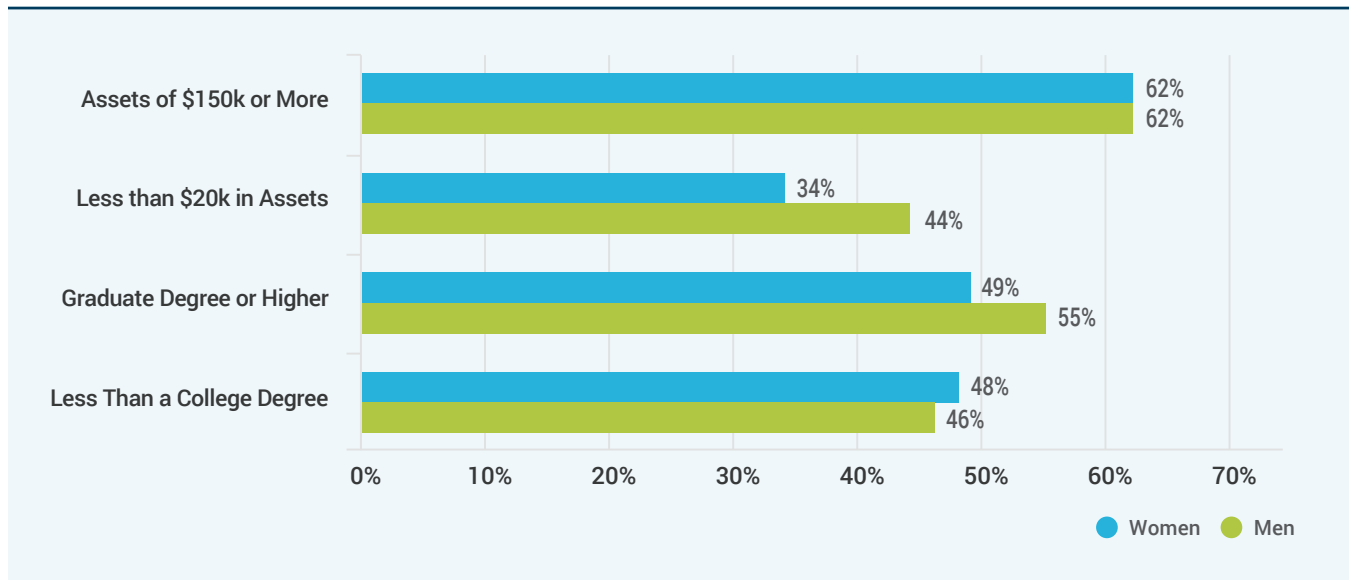
Women and men with higher levels of assets consider themselves to be more successful at making sound investment decisions, with 56 percent of men and 52 percent of women with \$150,000 or more in assets believing they are somewhat or very successful compared to 19 percent of men and 21 percent of women with less than \$20,000 in assets. However, higher levels of education are not strongly correlated with confidence in investing prowess, with 38 percent of women with graduate degrees viewing themselves as somewhat or very successful versus 39 percent with less than a college degree. Similarly, 44 percent of men with graduate degrees rate themselves as successful investors versus 46 percent of men with less than a college degree.

Percentages of Women and Men Very or Somewhat Successful in Making Good Investment Decisions



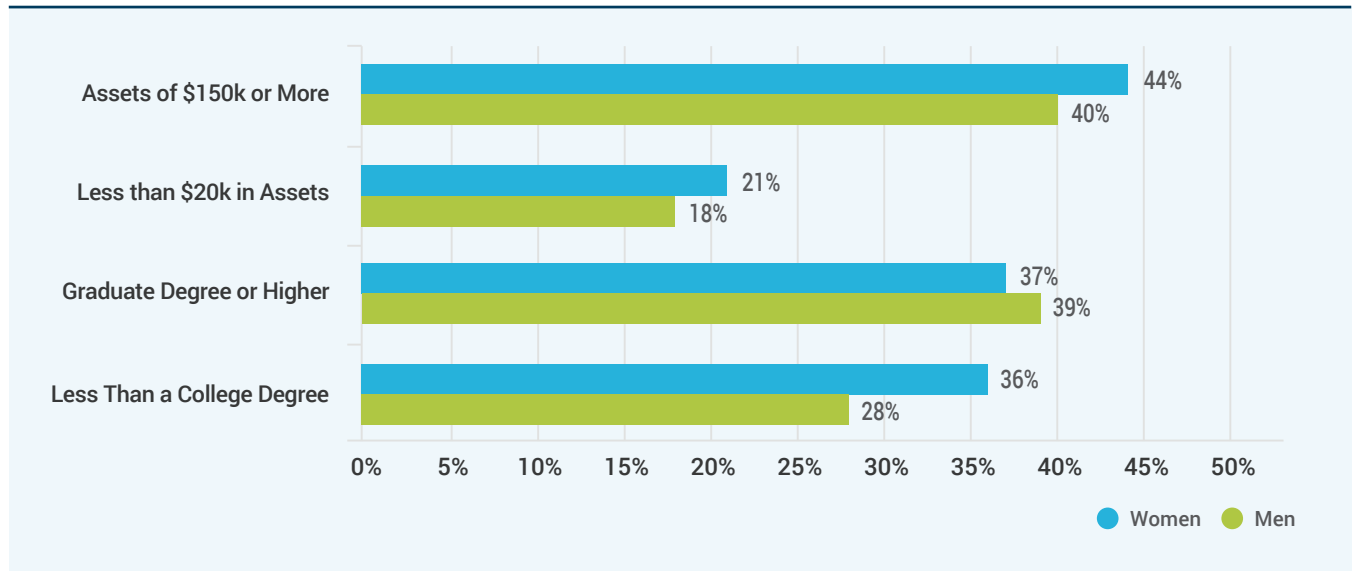
Unsurprisingly, both women and men with higher levels of assets perceive themselves to be better at saving money, with 62 percent of both women and men with over \$150,000 in assets believing they are somewhat or very successful at saving, versus 34 percent of women and 44 percent of men with less than \$20,000 invested. There is little to no difference in perceived savings success of women based on education level, though there is some evidence of a divide among men.

Percentages of Women and Men Very or Somewhat Successful in Saving Money



While both women and men with higher levels of investable assets are more likely to say they are somewhat or very successful at selecting a good financial advisor, overall this is not an area where people overwhelmingly feel confident. Of those with more than \$150,000 in investable assets, 44 percent of women and 40 percent of men believe they are somewhat or very successful in choosing an advisor, compared to only 21 percent of women and 18 percent of men with less than \$20,000 in assets. The latter group, of course, is far less likely to have had exposure to financial advisors. Education does not necessarily boost confidence among women when it comes to selecting advisors either, with only 37 percent of women with graduate degrees and 36 percent of women without college degrees viewing themselves as somewhat or very successful.

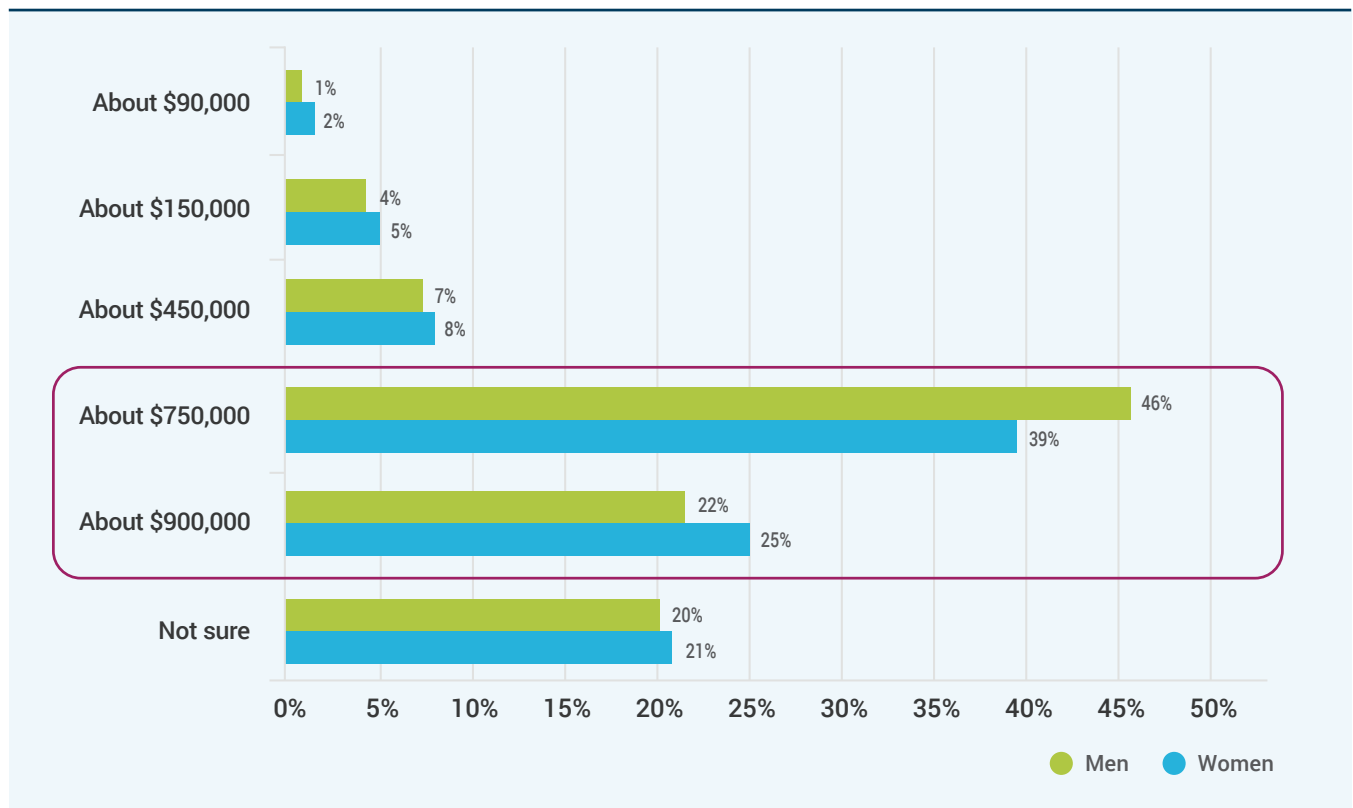
Percentages of Women and Men Very or Somewhat Successful in Choosing a Financial Advisor



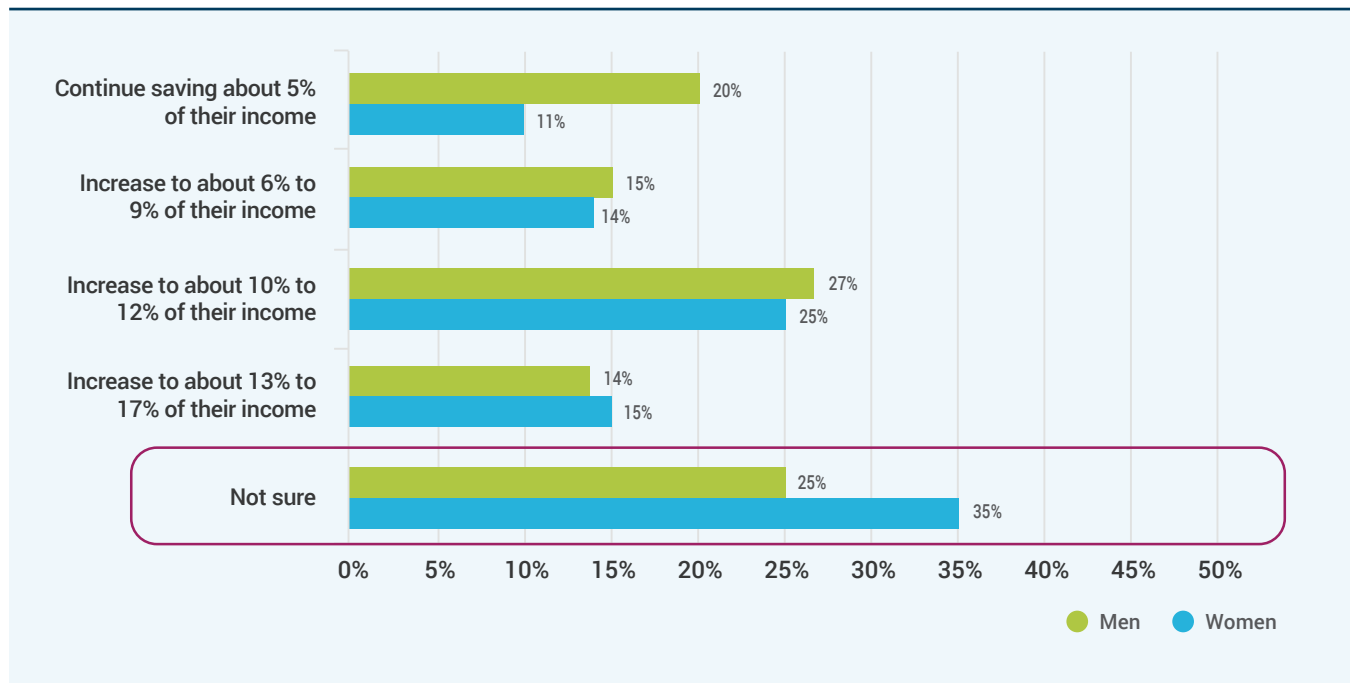
Financial Knowledge

The financial awareness of both women and men can be characterized as somewhat unsystematic and based more on gut feeling than empirical knowledge. Perhaps the best example of this is the disparity between the relatively good grasp both women and men have as to the amount one needs to save for retirement, and their relatively poor understanding of the mathematics of achieving that level of savings over time.

Target Retirement Savings



Proportion of Income to Save at Age 45 after Under-Saving for 20 Years

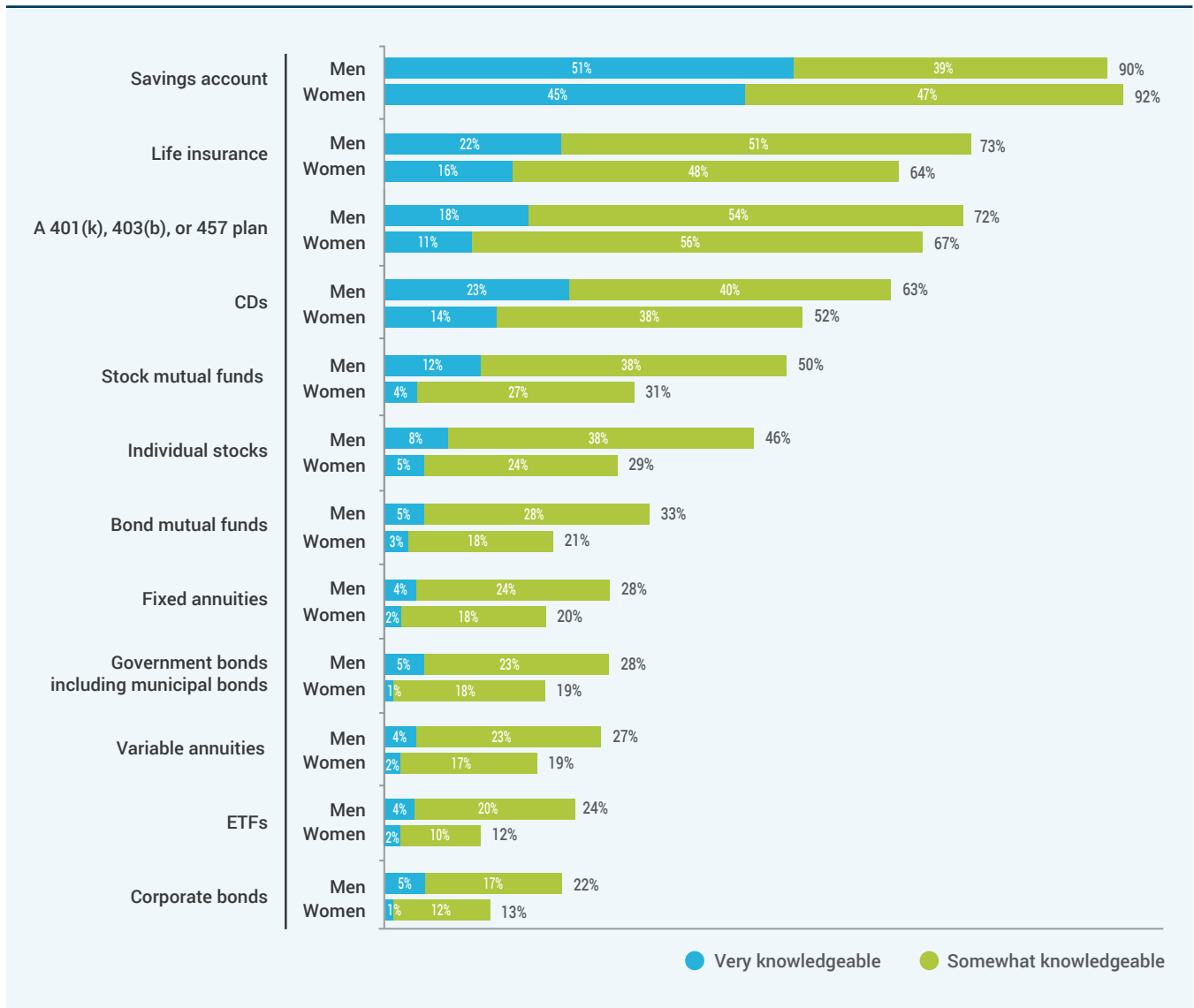


When asked a series of questions designed to evaluate financial knowledge, neither women nor men demonstrated a firm grasp of basic financial concepts. Both women and men scored best in understanding how investment gains in 401(k) plan are taxed, but even then, less than half of each group answered correctly. Perhaps most concerning, a startlingly low number of respondents are aware how much Social Security benefits increase if a 62-year-old retiree waits until age 70 to claim benefits, though women did slightly better on this question.

- Understanding that the value of a bond goes down when interest rates rise: 19 percent of women compared to 31 percent of men.
- Understanding the importance of re-balancing as part of a retirement investing strategy: 7 percent of women versus 10 percent of men.
- Understanding that a mutual fund that has greater diversification in stock holdings is likely to be less volatile: 28 percent of women versus 47 percent of men.
- Understanding how investment gains in a 401(k) plan are treated for tax purposes: 47 percent of women versus 49 percent of men.
- Understanding how inflation will impact cost of living in the United States in 10 years: 34 percent of women versus 25 percent of men.
- Understanding that Social Security benefits will increase about 75% for a 62-year-old retiree who waits until age 70 to claim benefits: 14 percent of women versus 10 percent of men.

Perhaps reflective of their generally low level of financial knowledge, neither women nor men claim to be very knowledgeable about investment products, with the highest level of knowledge attached to savings accounts. Women tend to feel less knowledgeable than men about virtually all investment products.

Level of Knowledge about Investment Products



However, women age 55 to 65 are much more knowledgeable about many investment products compared to their younger counterparts. For example, three-fourths of women age 55 to 65 say they are knowledgeable about life insurance.

% Very/Somewhat knowledgeable	Female			Male		
	25 to 39 years old	40 to 54 years old	55 to 65 years old	25 to 39 years old	40 to 54 years old	55 to 65 years old
A 401(k), 403(b), or 457 plan	58%	72%	69%	63%	75%	82%
Life insurance	57%	65%	74%	59%	81%	81%
CDs	42%	55%	63%	51%	65%	76%
Stock mutual funds	24%	33%	39%	43%	54%	55%
Individual stocks	24%	29%	38%	39%	47%	58%
Fixed annuities	15%	19%	33%	24%	24%	45%
Variable annuities	15%	17%	29%	23%	25%	37%

CONCLUSION

Both women and men are concerned about being able to save enough to afford the lifestyle they want in retirement, and to retire at the age they envision. Many are contributing to retirement plans, but acknowledge that they are not saving enough. Most feel they are behind schedule in saving for retirement and contending with competing challenges, such as debt, bills, and funding their children's college education. While they feel they are behind on saving for retirement, both women and men find it difficult to cut back on other things in order to save more.

When it comes to investing, women are more likely to want a "do it with me or for me" approach, and men are twice as likely to say they "do it themselves." Similarly, women are more likely to feel that investing and working with a financial advisor are shared responsibilities, while men feel that they take the lead. In terms of how they want to work with financial advisors, women are much more likely to think of an advisor's ability to explain concepts clearly without talking down to them as an extremely important characteristic, and they also value listening and being responsive more than do men. Women also believe it is very important that advisors speak to them and not just their spouses.

With higher levels of investable assets and higher education come changes in how people view their success at managing various aspects of their financial lives, as well as differences along gender lines. Advisors can fine tune their approaches by, for example, recognizing that their clients who have saved more may have heightened sensitivities to investment losses.

Financial advisors can more effectively engage with female clients by recognizing that they want and need help, but on their terms. Listening carefully and developing a full understanding of their level of familiarity with investment concepts and products, taking the time to fully explain the plan and the investment products being recommended in terms of how they solve the problems women care about, communicating the way women want to be communicated with, and proactively involving women in the discussion in spousal consultations are all critical skills for advisors who wish to forge successful relationships with women and help them achieve their goals.

METHODOLOGY

This report is based on an online survey implemented by the market research firm Greenwald & Associates. A total of 1,002 respondents were surveyed from July 28 to July 30, 2015. Respondents were comprised of 701 women and 301 men. The primary goal of the survey was to capture the viewpoints of women, including women of different ages, and a small sample of men was included to provide a point of comparison. A third of each gender were recruited into three specific age groups: 25 to 39, 40 to 54, and 55 to 65. Respondents were selected from among members of Research Now's online research panel. To qualify, respondents were required to be employed full-time and have earned a salary of at least \$30,000 in the past 12 months, before taxes.

The data were weighted by age, gender, and salary/wages to reflect the population of Americans matching the survey's qualification requirements (based on the 2014 Current Population Survey). In a similarly sized random sample survey, the margin of error would be plus or minus 3.2 percentage points at the 95% confidence level. Due to rounding and missing categories, numbers presented may not always total to 100%.






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