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FINANCIAL SERVICES

More than half of HNW US women defer financial decisions: UBS

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Even wealthy women are not involved in long-term financial planning. Image credit: Yoox

By SARAH RAMIREZ

NEW YORK Although the vast majority of women will eventually be solely responsible for their fiscal well-being, only 40 percent are involved in their long-term financial planning.

Women continue to let their spouses take the lead on financial decisions, according to UBS Global Wealth Management's "Own Your Worth" study of women investors. As UBS experts discussed at a women and wealth roundtable on Feb. 27, this trend holds steady across generations, including among millennial women.

"How people manage money is often determined by how they grew up it becomes a cycle," said moderator Jane Schwartzberg, head of strategic client segments at UBS Global Wealth Management, New York. "Lack of involvement with finances has nothing to do with a women's intelligence or career."

The report is based on a UBS survey of more than 3,600 high-net-worth women around the world. Focusing on interactions in heterosexual relationships, the respondents included married women, widows and divorcees.

Stepping back?

Eighty percent of women will be solely responsible for their long-term financial health. This is partially attributed to women's longer lifespans, and the number will grow as women continue to outlive their male partners.

According to a prior report from UBS, affluent investors are concerned about being able to afford healthcare as they age. As consumers look ahead at a longer life, nine in 10 are changing their financial plans and spending habits to account for more years (see story).

Although 80 percent of women are involved in day-to-day financial decisions, 60 percent are not involved in long-term financial planning.

Longer lifespans mean more women will be responsible for their own finances. Image credit: True North Advisors

While single women outperform single men in investing, 54 percent of wealthy women in the U.S. defer major financial decisions to their spouses.

Among the reasons women opt out of big-picture money decisions include lack of interest in investing and a focus on other responsibilities.

Globally, less than a quarter of women, 23 percent, take charge of long-term financial planning.

Lack of involvement leads to most women seeking financial advice during times of criss, such as a divorce or death, explained private wealth advisor Kathy Entwistle.

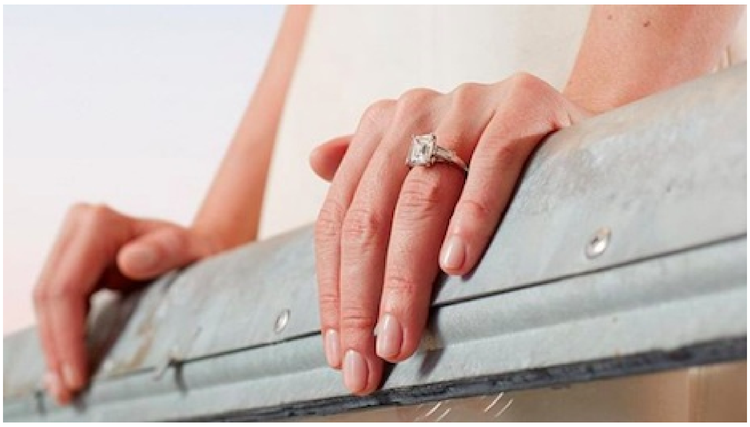
"These situations overwhelm clients," Ms. Entwistle said.

The panelists agreed that the best wealth advisors engage and involve all family members in financial planning. Advisors are also accountable for understanding family dynamics.

Women who have a seat at the financial table have realized there are long-term benefits.

Ninety-seven percent of women report that fewer mistakes are made when both partners are involved, and 96 percent report being more confident about their financial futures.

Despite millennial women emphasizing partnerships and equal footing, they still abdicate their financial planning at high rates.



Married millennial women still defer to their husbands when it comes to important financial decisions. Image credit: DeBeers

Worldwide, 61 percent of millennials, aged between 20 and 34 years old, are not involved in their long-term money management, compared to 54 percent of women in other age groups.

These younger women are key to changing the culture in the financial industry that has been dominated by men, argued financial advisor Vincent J. Fiorentino.

Women investors

Female consumers control around 30 percent of the world's wealth, and yet many financial services companies do little to focus specifically on their women clientele.

Women's share of global wealth is growing every year. As more women make their way up to the top of the world's biggest companies, women are becoming a significant segment of financial services clientele.

In fact, only 2 percent of financial services companies treat woman as an individual segment with their own specific needs. Women, on a macro level, have investment habits and tendencies that set them apart from other segments, which financial services companies can capitalize on (see story).

While most of the wealthiest 0.1 percent of Americans prefer to be self-sufficient in regards to their personal finances, most still work with a financial advisor.

According to findings from YouGov, the average income of a wealthy household in the United States is $1.4 million. Despite their beliefs that finances should be self-managed, 82 percent seek aid from a financial advisor and 85 percent of those consumers work with them on a regular basis (see story).

"You don't need to know everything, but you need basic knowledge and an expert you have confidence in," UBS's Ms. Entwistle said. "People want to learn in a safe environment."