

FINANCIAL SERVICES

Women investors less financially prepared: report

July 23, 2019



Almost 60 percent of women investors work with financial advisors. Image credit: Louis Vuitton

By SARAH RAMIREZ

While affluent women are more concerned than men about protecting their assets, a quarter of wealthy female investors lack a strategy to protect themselves against market risk.

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According to the fifth annual Advisor Authority study, women investors are less financially prepared than men despite having more optimistic financial outlooks. Two-thirds of both male and female investors anticipate that market volatility will increase in the next 12 months.

"In this year's study, not only is there a clear disconnect between a woman's degree of concern and her level of preparation but this gap in optimism and preparation persists regardless of her affluence or her access to an advisor," said Craig Hawley, head of Nationwide Advisory Solutions at **Nationwide Financial**. "Even among investors who work with an advisor, even among the more affluent investors, our findings revealed that women are less optimistic than men about the economy and the stock market and they are less likely to be prepared with strategies to protect their assets and protect against outliving their savings."

The study is based on a survey commissioned by Nationwide Advisory Solutions and conducted online by The Harris Poll of approximately 1,600 RIAs, fee-based advisors and individual investors in the United States. About half of the individual investors had household investable assets of at least \$1 million.

Women's wealth

Since 2016, the percentage of women investors working with financial advisors has jumped 14 percent to 58 percent in 2019.

Regarding their own financial outlooks, women investors expressed more optimism than men, 56 to 53 percent.



Women investors are concerned about outliving their savings. Image credit: Nordstrom

Looking at the wider picture, less than 40 percent of women investors are optimistic about the U.S. stock market and economy over the course of the next 12 months. In comparison, almost half of male investors expressed optimism.

More than three-quarters of men have strategies to protect themselves against outliving their savings, compared to 62 percent of women. This is despite women having a longer life expectancy in the U.S.

In spite of concerns about the economy and stock market, 56 percent of women have a plan to protect their assets against market risk. About seven in 10 male investors are prepared for this scenario.

Nearly 80 percent of women are relying on Social Security to protect them from outliving their savings, while 42 percent are using pensions or defined benefit plans as solutions.

Although 45 percent of affluent women investors list protecting their assets as a top concern compared to 31 percent of affluent men, 75 percent of women have strategies to protect their assets compared to 81 percent of men.



More men than women protect themselves against market risk. Image credit: Rosewood

Affluent men are also more likely than affluent women to have plans to protect themselves from outliving their savings, 88 percent of men having plans to 86 percent of women.

"Today, we women have more choices than before from career and leadership opportunities to raising a family or pursuing our passions," said Kristi Rodriguez, leader of the Nationwide Retirement Institute at Nationwide Financial. "Women are navigating immense uncertainty, as we are raising families while caring for aging parents, living longer and facing higher healthcare costs."

Investor confidence

Younger female investors in particular are less engaged with their finances.

Single women are more confident than married women about investing, but unmarried millennial women are less engaged with their finances than those in other generations.

According to a report from UBS, more than 60 percent of single millennial women admit to putting other areas of their life above their finances. They also report unhealthy financial habits, with one-third already having dipped into their retirement accounts ([see story](#)).

However, ultra-affluents remain pleased with their wealth management firms, despite declining personal wealth and

limited technology integration among firms.

According to Capgemini's World Wealth Report 2019, 82 percent of HNWLs expressed trust and confidence in their wealth management firms, up from 79 percent last year. Satisfaction with clients' primary wealth manager increased by 1 percentage point year-over-year to 79 percent.

More than 91 percent of HNWLs cite service quality as among the important criteria in selecting a wealth management firm, followed by risk diversification and attractive fee structure ([see story](#)).

"As investors, we women are looking for a partner in planning our future," Ms. Rodriguez said. "But the advice industry hasn't always focused on our unique needs and concerns and this may be driving a disconnect between women and advisors.

"To bridge this gap, advisors have an opportunity and a big responsibility to understand women's needs and sit on the same side of the table as women investors," she said. "Don't underestimate the importance of building trust and strong relationships by creating a non-judgmental space for women to ask questions and address their concerns."

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