



Emp[♀]owered

Women and retirement

Embracing responsibility as
financial decision-makers



| *Annuity*

Empowered women, empowered households

Whether single, married, widowed, or divorced, women today seek ways to empower themselves and each other. This is especially true for finances and retirement planning. Women are taking ownership of money matters, asking tough questions, and making the choices that are best for their situations.

They're also navigating an industry that just a few decades ago was almost exclusively run by – and dealt primarily with – men. This shift leaves a lot to be explored as women and men approach, think about, and manage money differently.

To best support you, the insurance and financial services industry must work to embrace the new reality and get to know women as the financial powerhouses, decision-makers, business owners, executives and empowered consumers they are.

Women are financial powerhouses

In two-parent households, 63 percent of mothers work outside the home – with a majority of that group working full time¹. According to a 2015 study, 42 percent of mothers are primary household breadwinners – continuing an upward trend over previous years².

Women are financial decision-makers

Women are the majority in the U.S. and already control about 51 percent of the country's wealth³. In fact, in a 2014 study of women between 25 and 70 years old, only 4 percent of women indicated they were not involved in financial decisions⁴.

Vast majority of women likely to manage all household finances

Between their growing influence in the U.S. workforce, and living longer on average than their male counterparts, 90 percent of all women will be solely responsible for their household's financial well-being at some point in their life⁵, due to singleness, divorce, widowhood, or simply by choice.

We all have a responsibility

The statistics paint a clear picture. And now more than ever, it's important for women to embrace financial responsibility and be empowered consumers.

Because women play an undeniably important role in the financial health of the household and economy, any effort to better understand and serve them would obviously be time very well spent.

It's in that context that North American embarked on a research project to better understand women and their finances. Very simply, we call it Empowered. For the study we talked to hundreds of women (and men, too, as a benchmark) to learn more about how they handle money matters, their thoughts on retirement, and if/how, they like to work with financial professionals. We also talked to agents and advisors to get their perspective, identify any gaps in their understanding of the consumer, and help both sides come to a place of common understanding.

Read on to learn more about financial empowerment – particularly for women or the women in your life – and see what the latest research on women and retirement has to say.

How people think about retirement

Retirement in one word

For a lot of people looking forward to retirement, the words that come to mind are relaxing, comfortable. For the adventurous, maybe even exciting. But at a time when retirees' biggest concerns could be how they spend their time and freedom, many consumers are approaching retirement with uncertainty, describing it as scary, unsure and unknown. Here are the words our survey respondents used to describe retirement.



Personal check-up

What words would you use to describe retirement?



●

Would women you know who are approaching retirement say the same?

Most women have a plan

The time for retirement comes for nearly everyone, whether unexpected or carefully planned. More than 70 percent of female consumers have a retirement plan in place. Perhaps you know them – prepared and empowered – and maybe you are one of them. Another 17 percent of women are somewhere in the process of planning, while just about 10 percent claim to have no plan at all.

Have you started planning for retirement?

Currently have a retirement plan

In the process of planning

Will start planning shortly

Have not started planning

Unsure/Prefer not to specify

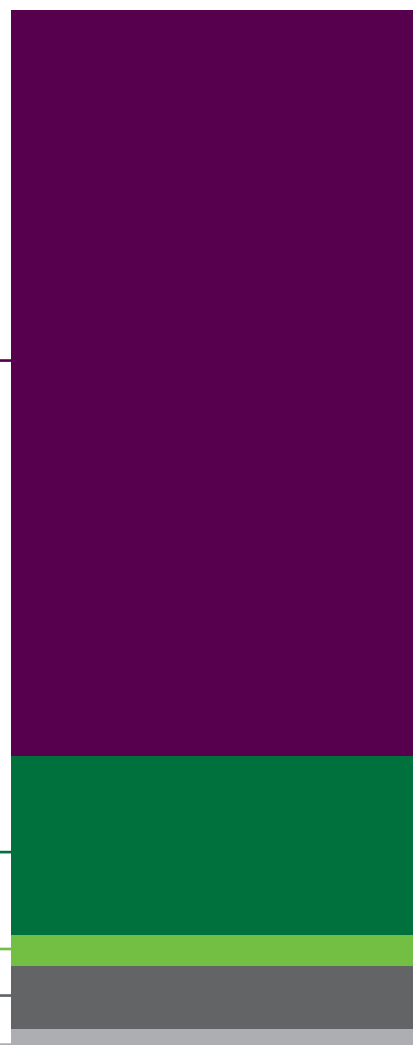
71%

17%

3%

6%

2%



Personal check-up

Have you started planning for retirement?



☐ Currently have a retirement plan

☐ In the process of planning

☐ Will start planning shortly

☐ Have not started planning



This is what women said they're concerned about

Sustaining it

"Afraid of running out of money."



Affording it

"I want to be able to care for my parents, and I'm afraid I won't be able to afford it."



Enjoying it

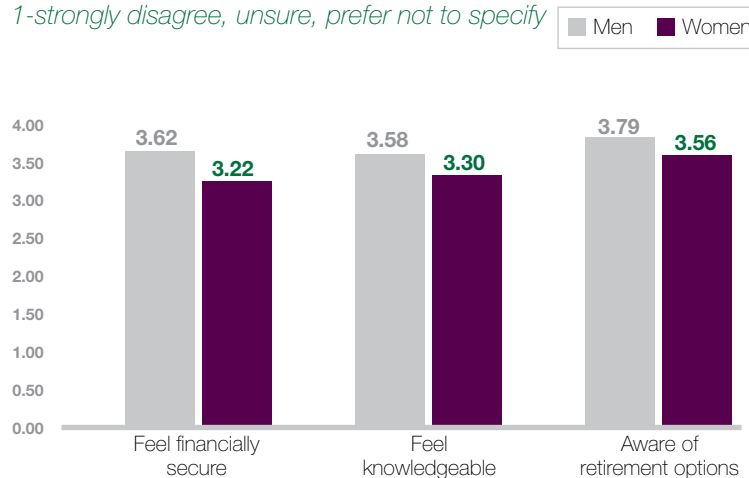
"Whether we will be able to support our wishes to travel."



Women feel less knowledgeable about retirement process

Your ability to confidently prepare for retirement depends largely on what you understand about the retirement process, your future income needs, and the options available to you. Overall, the Empowered survey results showed women feel less financially secure and less knowledgeable about the retirement process than men. With a growing probability that women will be the primary manager of household wealth, this poses a dilemma.

To what extent do you agree with the following? Scale: 5-strongly agree, 4-somewhat agree, 3-neutral, 2-somewhat disagree, 1-strongly disagree, unsure, prefer not to specify



Consumers who rated themselves low for knowledge and awareness indicated a need to sit down with someone who had knowledge on the topic (such as a financial professional) or simply learn more about the process themselves.

Let's hear what a financial professional might have to say

Most of the financial professionals responding to our survey were in agreement with how survey respondents felt about the retirement process, noting some of their clients' biggest concerns as:

- Outliving money
- Lack of knowledge
- Having enough (affordability)

They attributed meeting with a financial professional as a huge factor in seeing more knowledgeable consumers.

"(Women) often say that, after meeting with us, they feel very empowered and confident about what they have and why they have it."

What's important differs between women and men

Seeking security, female consumers responding to the Empowered survey cited peace of mind, emergencies, and health care as the most important reasons to save. Women were significantly more concerned about saving for emergencies and mortgage or rent expenses than men.

When thinking about saving for retirement, how important is it that you save for the following items?
Scale: 10-very important to 0-not important at all, unsure, prefer not to specify



Personal check-up

When thinking about retirement, what are your most important savings needs?



- ☐ Health care
- ☐ Home or auto expenses
- ☐ Emergencies
- ☐ Vacations or trips
- ☐ Peace of mind
- ☐ Hobbies or extracurricular
- ☐ Mortgage or rent expenses
- ☐ Giving or charity
- ☐ Personal expenses
- ☐ Family needs
- ☐ Other



Where women and men turn for advice

Interestingly, 56 percent of women cited their employer as a place to learn about retirement. It's true that the workplace can be a helpful resource to educate yourself on the benefits available through your employer, which can include a retirement savings plan like a 401(k).

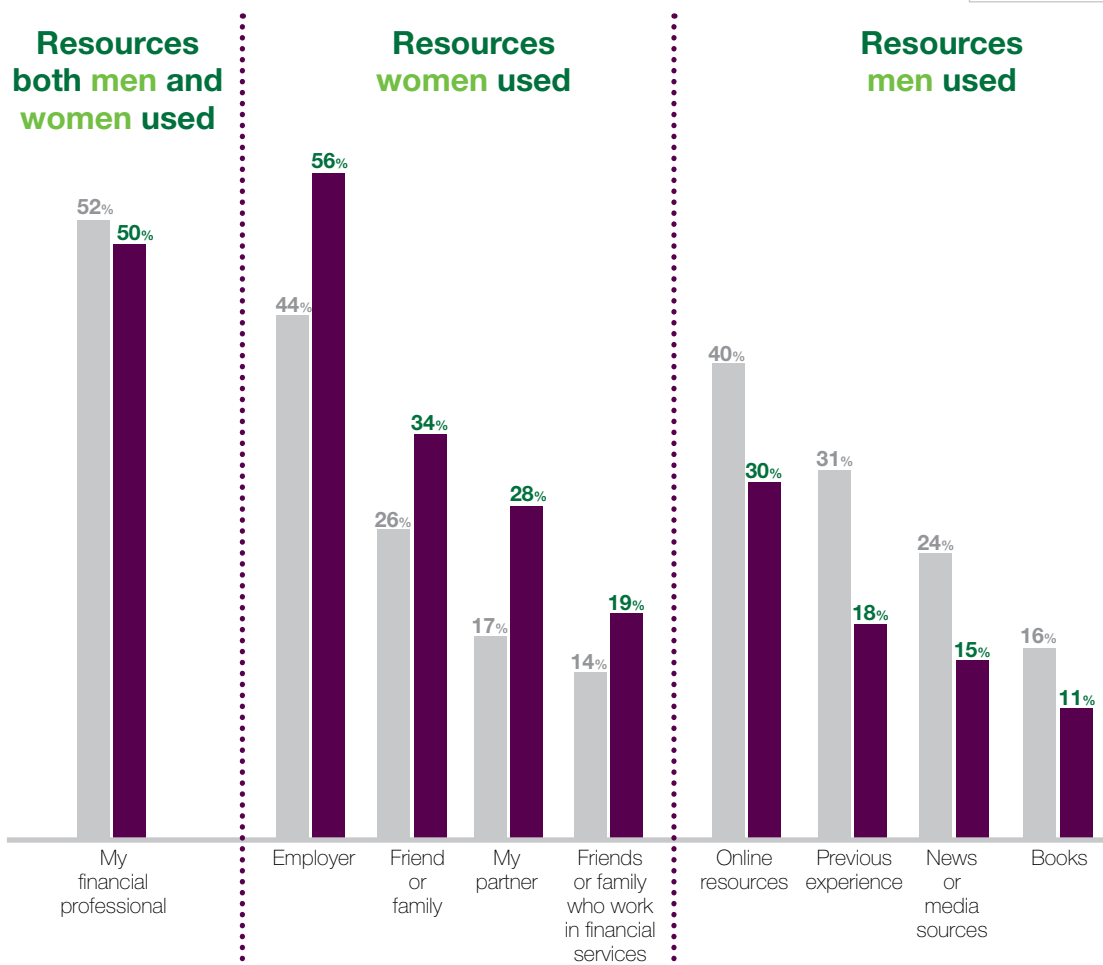
A good practice is to have a resource outside of work who is familiar with your retirement goals and assets. A financial professional might be able to recommend additional products and services to address needs your employer-based solutions don't necessarily aim to address. Also, that way, if you change jobs or eventually retire from there, an outside financial professional can help implement your plan.

About 50 percent of respondents said they have turned to financial professionals for retirement advice. Friends or family came in as a third resource for women at 34 percent.

A significant difference to note is that men relied less on employers and friends/family and turned more to online resources or their own experience to learn about retirement savings.

What resources do/did you use to learn about retirement savings? Please select any that apply.

NOTE: Percentages will not equal 100 percent. Options were "select all that apply." Men Women



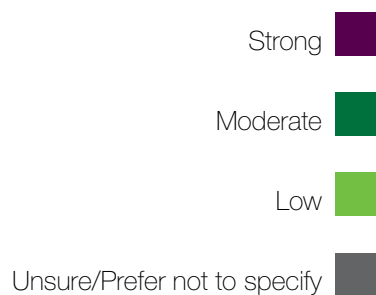
**Hear from
a financial
professional**

"By asking the right questions, I find what they know, what they think they know, and what they don't know."

Large number of women lack confidence

Thirty-five percent of women felt moderately confident with their current retirement plan, and another 33 percent were very confident. If 90 percent of women will be solely responsible for their household finances at some point in their life, the 30 percent of women who have low confidence in their current retirement plan may have some room to grow.

Confidence ratings (strong, moderate and low):
How confident do you feel with your current retirement plan?
Scale: 0-not confident at all, 10-extremely confident.

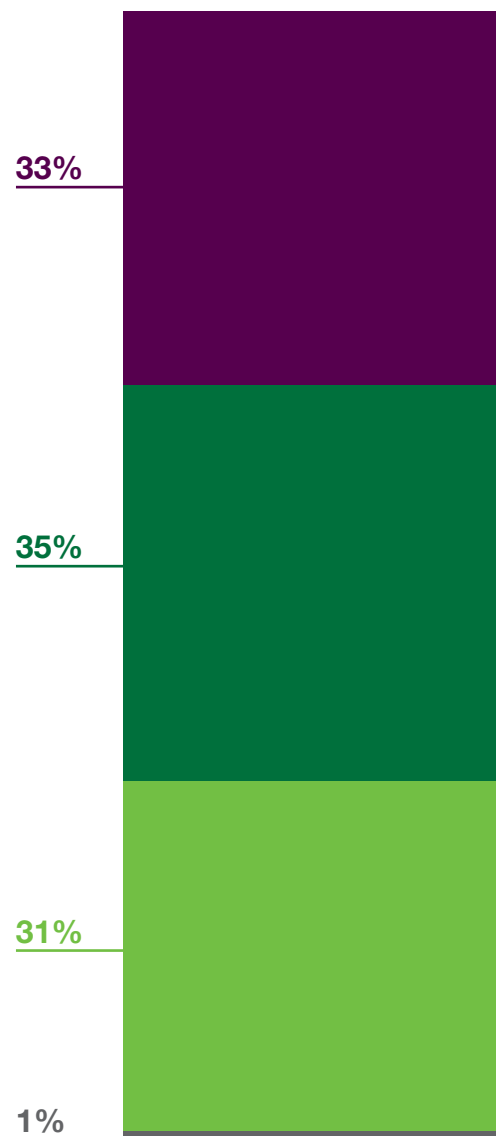


Without a financial professional

For those with low confidence who did not have the help of a financial professional, they were asked what, in general, would help them feel more confident. Respondents indicated simply having more money to work with would make them more confident. Another wanted to see more secure market/economic conditions. In terms of what consumers can control, they noted advice from a professional would be helpful. One respondent said she'd be more confident "actually having a plan."

"Someone experienced (with whom) both my husband and myself would feel comfortable."

"A capable financial planner."



With a financial professional

Consumers with low confidence who had a financial professional were asked what that agent or advisor could do to help them feel more confident. Responses included wanting more information in general or to see stronger investment growth. Other respondents simply had low confidence in the market.

"Review my accounts every year. Let me know if I am on track (and) what adjustments I can make to be better, stronger."



Personal check-up

How do you feel after reading how fellow women feel about retirement?



☐ Very prepared

☐ Somewhat prepared

☐ Could be a lot more prepared

☐ Not prepared at all

What next steps would you be interested in taking?



☐ Discussing this information with my partner

☐ Sharing this information with female friends, family, and/or coworkers

☐ Finding a financial professional to discuss my retirement goals and fears

☐ Meeting with my current financial professional

☐ Becoming an empowered consumer, confident in my knowledge and ability to take control of my retirement preparedness



Methodology

The general consumer study was conducted Nov. 6-19, 2017, and included 400 females and 200 males, age 40 and above. The agent study was conducted Nov. 17 to Dec. 12, 2017, and included 257 contracted agents including both men and women.

1. Raising Kids and Running a Household: How Working Parents Share the Load. Nov. 4, 2015. Pew Research Center
2. Breadwinning Mothers are Increasingly the U.S. Norm, by Sarah Jane Glynn. Dec. 19, 2016. Center for American Progress
3. BMO Report: Despite Controlling \$14 Trillion in Wealth, American Women Still Have Challenges to Overcome, by BMO Financial Group. April 2, 2015. Market Wired
- 4, 5. Five Reasons Women are Taking the Lead in Financial Planning, by Daniel M. Choi. Aug. 8, 2017. Forbes

Analysis is for educational purposes only. The experience of the participants of the 2017 Study may not be representative of the experience of all. Neither the company, nor any agents acting on its behalf, should be viewed as providing legal, tax or investment advice.

The term financial professional is not intended to imply engagement in an advisory business in which compensation is not related to sales. Financial professionals that are insurance licensed will be paid a commission on the sale of an insurance product.



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