



ATTRACT AND RETAIN WOMEN INVESTORS:

Women & Investing Analytical Report



ADVISOR ADVANCEMENT INSTITUTE



INVESTMENTS



Introduction

New York Life Investments (NYLI) is dedicated to providing its partner firms and their advisors with insights and solutions to help grow their businesses and better manage their practices. As part of that effort, we recently commissioned a market study of women investors, seeking to understand how this segment of the population views money, investing and their relationship with financial advisors.

Why focus on women?

Women are increasingly making investment decisions for a larger portion of the country's wealth. Women currently control a little more than half of U.S. personal wealth, or \$14 trillion. That amount is expected to reach \$22 trillion within 10 years and then increase even more rapidly as women receive funds from the "great wealth transfer." Baby boomers are the wealthiest generation in history. As these individuals age they will eventually pass down an estimated \$30+ trillion. Women will inherit a disproportionate percentage of this wealth, taking distributions as a surviving spouse (women are 60% more likely to outlive their husband) and as a descendant.

In addition, women have unique financial responsibilities and challenges, which need to be considered in their investment plan. For example, women are much more likely than men to control the household spending, giving them a big picture view of expenses and available assets. Also women tend to live much longer than men, meaning they will likely need to fund a longer retirement.

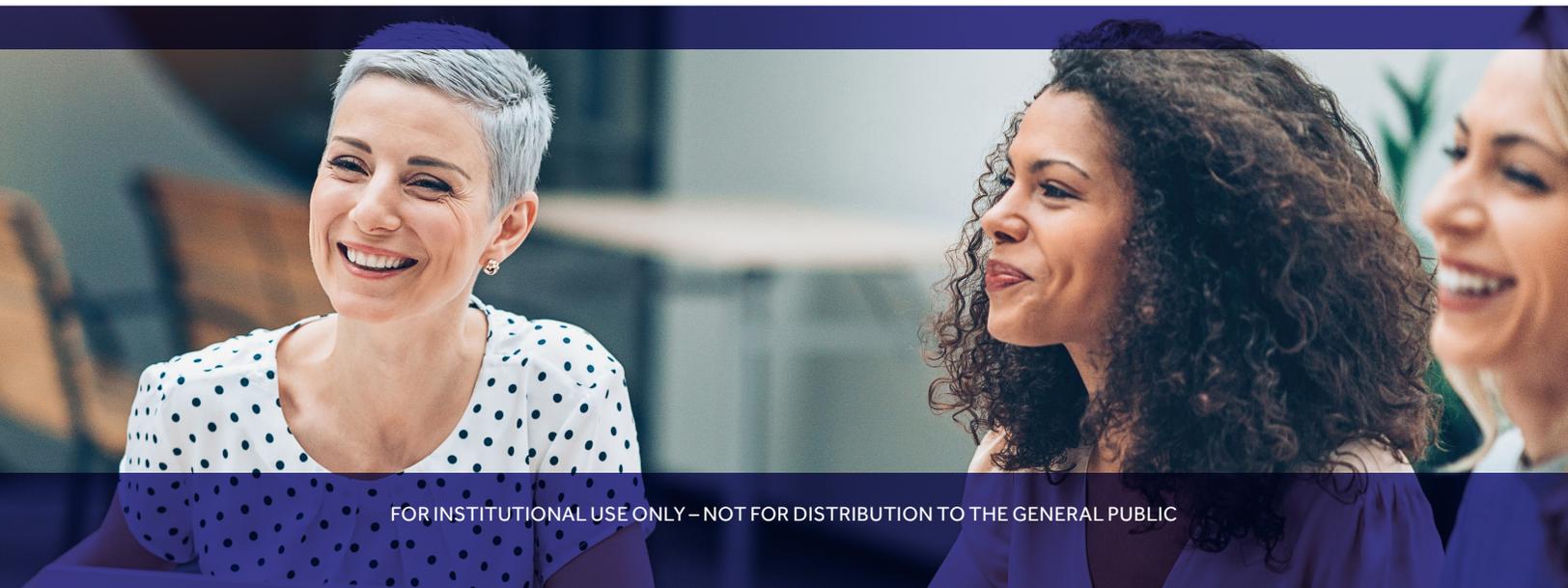
Financial advisors looking to attract and retain these women as clients will need to adopt a tailored approach to marketing, consulting and servicing – an approach that addresses the specifics of what we heard from the women in our study.

NYLI's findings are drawn from a survey of more than 800 participants, all women aged 25 and older. These women have shared or sole responsibility for financial decisions in their household and all have \$250,000 or more in investable assets. The respondents were evenly divided into four lifestyle categories to allow for additional analysis: single, married and provides some income to the household, married and the primary breadwinner, and recently divorced or widowed.

The research shows that women overwhelmingly believe they face unique investing challenges, and that while they prioritize performance in the same way all investors do, they are searching for a more personal connection with their financial advisor to address those challenges. In fact, among women who have changed advisors in the last two years, almost a third said they left to find an advisor they are more comfortable working with.

The end goal, for women investors, is to have an advisor relationship that makes them feel understood, empowered, and respected as an intelligent partner. To achieve that, women are looking for an advisor with five key attributes: empathy, financial wellness, alignment, communication and education.

This paper will present our research process and key findings, as well as the analytical data for each question.



Financial Roles and How They Influence Views on Investing

Financial advisors interested in building a successful working relationship with women investors will have to look past generalizations about “women’s issues,” and address the specific needs of each client. That said, our segmented research can offer valuable insights into how the role a woman plays in her household influences her perceptions of investing and financial advisors – insights that can help an advisor anticipate interests and obstacles.

SINGLE BREADWINNER

The single breadwinner segment includes women who have never married and women who have been separated, divorced or widowed for more than five years. These women are most often investing to achieve financial independence. They express the greatest interest in investment education and prefer to work with a female advisor. Single women in general rely heavily on financial advisors to guide their investment decisions.

MARRIED CONTRIBUTOR

Women in the married contributor segment are married or live with a partner, and they contribute to the household income. While these women are not the primary breadwinner they can, and often do, play a primary role in managing the family’s finances. This segment’s most important investment goal is retirement.

Percentage of women who agree they feel patronized by financial advisors



38%

Single
Breadwinner



36%

Married
Contributor



42%

Married
Breadwinner



32%

Suddenly
Single

MARRIED BREADWINNER

Married women who provide all or the majority of their household's income are understandably time constrained, explaining why they are significantly more likely to rely heavily on a financial advisor when making investment decisions. In a surprising contrast, these women also report the most negative perception of advisors and are the most vocal about wanting to work with a female advisor, who they think will be more attuned to their needs.

SUDDENLY SINGLE

Suddenly single women have changed their status within the last five years, either through separation, divorce or the death of a spouse. This change leads the majority of suddenly single women to prioritize financial independence as an investing goal. These investors tend to continue working with the financial advisor they had before they became single, but they often adopt a more risk-averse approach to investing.

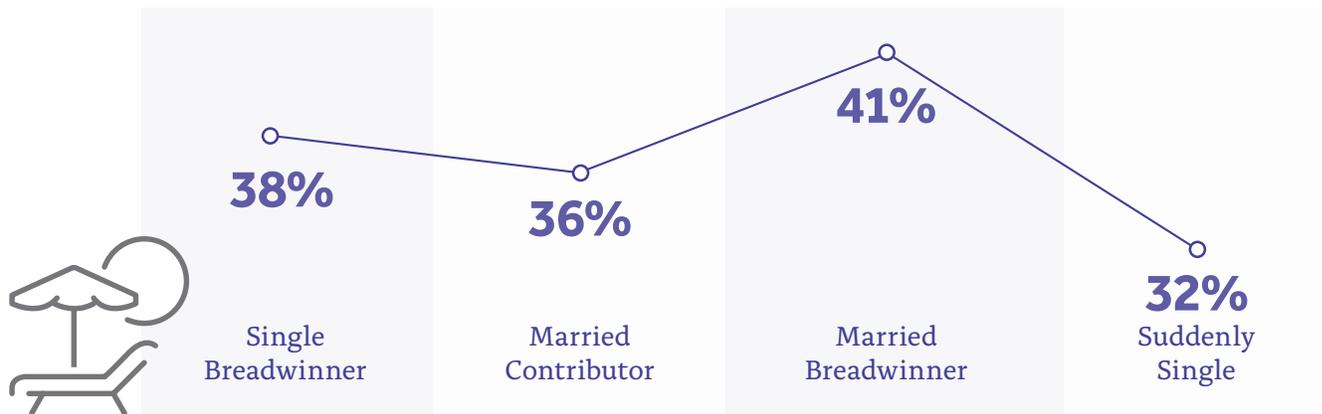
“ My husband never discussed finances and now I feel inadequate when it comes to decisions. ”

Women's Unique Investing Challenges

RETIREMENT SQUEEZE

The vast majority of our research participants believe that women face different investment challenges than men. Many of these challenges are related to retirement planning. Women have a longer life expectancy, which requires more retirement savings, but they are often paid less than men and are more apt to have career interruptions to care for family, both of which lower their lifetime earnings potential. Despite the importance of retirement planning, a third to a half of women (depending on their lifestyle segment) do not rank it their primary objective.

Consider Retirement Their Top Investment Goal



“Women live longer than men but they are paid less and have to take time off to raise children so they don't get a chance to build up as much in their 401(k)'s or IRA's.”

BALANCING ACT

58% of women rank finding the appropriate balance between risk and return as their top investment challenge. More risk is generally associated with more return potential, but riskier investments may fall outside a woman's comfort level. Advisors can play a critical role by helping a woman articulate her personal risk tolerance and her return needs.

74% of suddenly single women are slightly more risk averse, saying they try to minimize risks

WHAT YOU DON'T KNOW CAN HURT YOU

Many women consider a lack of financial education an obstacle to investing. More than 40% are interested in learning more by attending an in-person education event, versus an online class, discussion forums or social media groups. It can be difficult for women to find these education opportunities, however, if they aren't currently working with a financial advisor.

25% believe women have less access to financial education

What Women Think About Advisors

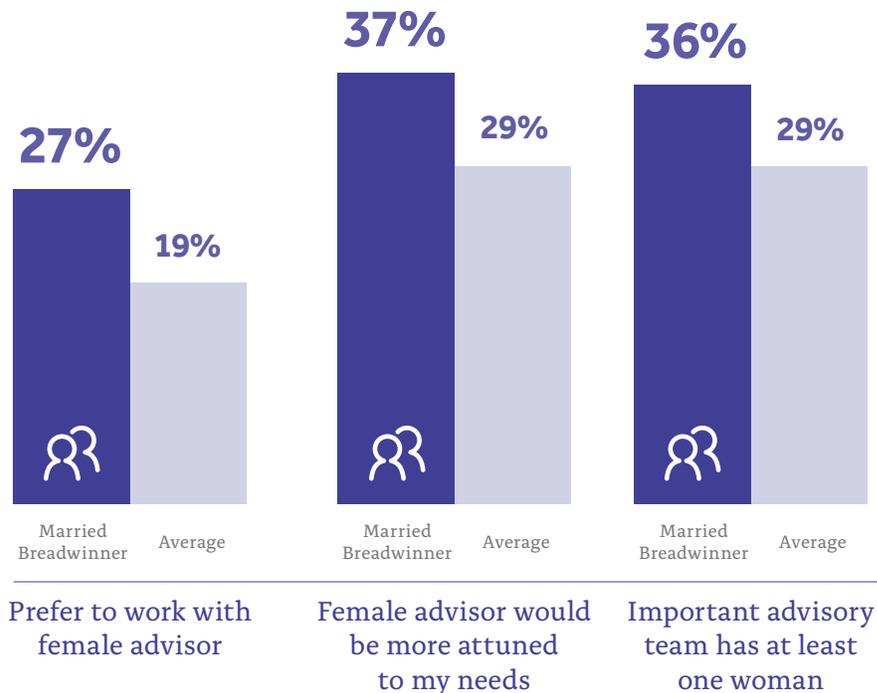
NUMBERS BEHIND THE NUMBERS

More than 70% of women in the study currently work with a financial advisor and among those that don't, one in four say they definitely or probably will work with one in the near future. 83% of women with an advisor report that they are generally satisfied, but the findings are less positive when women were asked specific questions about their experiences. 40% of women believe advisors treat women differently than men; 30% think advisors are less likely to listen to investing ideas from a woman; and a little less than that feel advisors consciously or unconsciously push women out of financial conversations.

WOMEN WORKING WITH WOMEN

While it is easy to assume that women investors prefer to work with women advisors, the truth is more nuanced. Our research found that less than 20% of women would rather work with a female advisor, but close to 30% consider it important that their financial advisory team has at least one woman on it. This female representation is likely meant to ensure the team as a whole better understands and respects a woman's views. Married breadwinners lead other segments in this area, with a stronger preference for a female advisor and female team members.

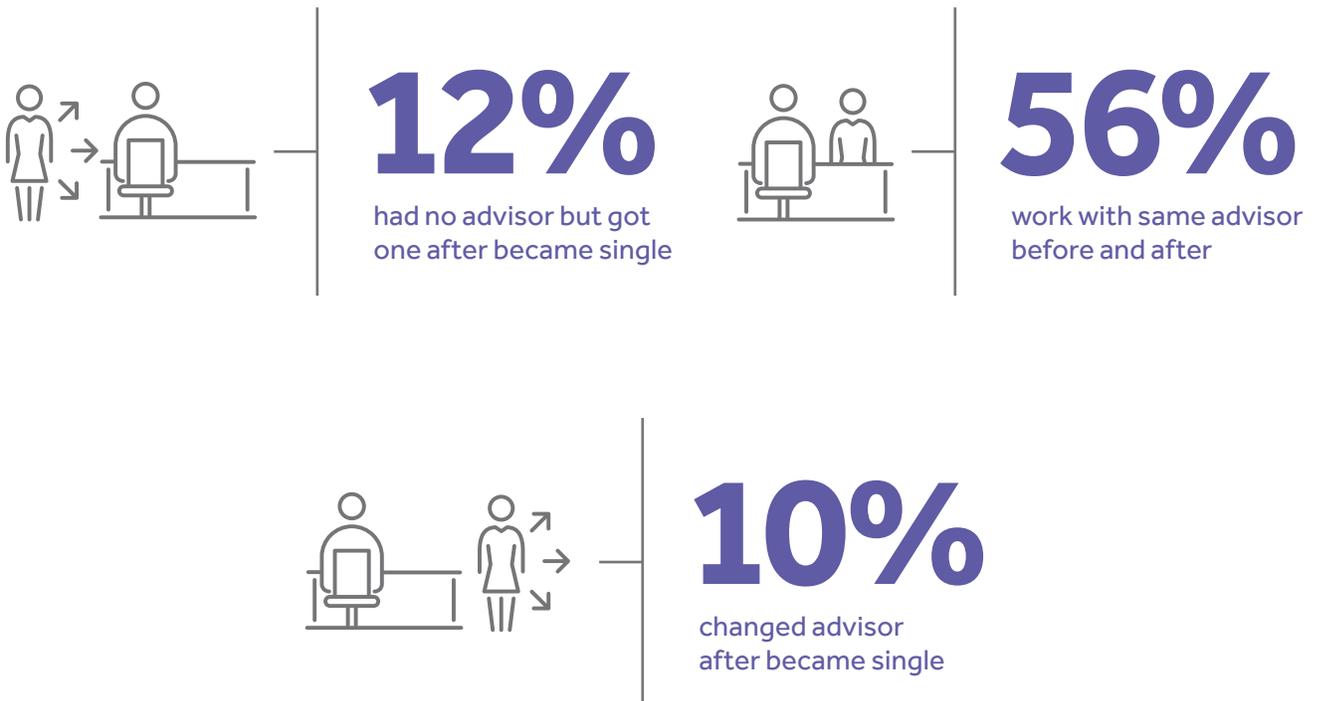
Views on female advisor



WHEN AND WHY TO MAKE A CHANGE

Women are not inclined to change financial advisors unless they experience a life-changing event, consistently poor performance or loss of trust. Nonetheless, close to 10% of women changed advisors over the last two years, and 17% are considering changing advisors in the coming year. A profile of the women who changed describes someone who is younger, a mother, employed full time and a contributor to a higher household income. 33% of these women reported that they changed advisors because of poor performance, versus 29% who blamed poor customer service and 27% who left due to a lack of personal connection.

*Suddenly single women: Actions after becoming single
(among 78% who currently have a financial advisor)*



What More Women Want From Advisors

THE END GOAL: A STRONGER WORKING RELATIONSHIP

Our research revealed the five key attributes that drive women's satisfaction with their financial advisor. Together these attributes enable a woman to feel understood, empowered, and respected as an intelligent partner.

EMPATHY

Defined as the ability to understand and share the feelings of another, empathy is critical to building a personal connection with women investors. Women are looking for an advisor who works to understand their particular situation. In fact, 44% of women consider it extremely important that an advisor learn about them as a person, and 59% rank taking their concerns seriously as one of the most important factors in choosing an advisor.

Your money is so intimate, so we need to be on the same page.

FINANCIAL WELLNESS

Two-thirds of women say the single most important factor they are looking for in an advisor is investment knowledge, but they want their advisor to apply that knowledge to do more than select investments. 57% say that understanding their specific financial needs is very important, allowing an advisor to create a plan for comprehensive financial wellness.

ALIGNMENT

More than 25% of women believe financial advisors find it difficult to relate to women, and yet 50% list understanding their goals as one of the most important factors when choosing an advisor. Women investors are searching for an advisor who is aligned with their values and who is personally invested in their success.

50% of women want to work with advisor who has their back "no matter what"

COMMUNICATIONS

Women are interested in a communication system set up to their specific needs, with an advisor adapting what, how and when he or she shares information. In excess of 60% of women prefer meeting face-to-face with their advisor, with more than a third saying it is extremely important that an advisor meet them on their terms. In addition, women are very sensitive to advisors being direct and transparent, with 54% saying it is extremely important that an advisor forgo jargon and speak in a language they understand.

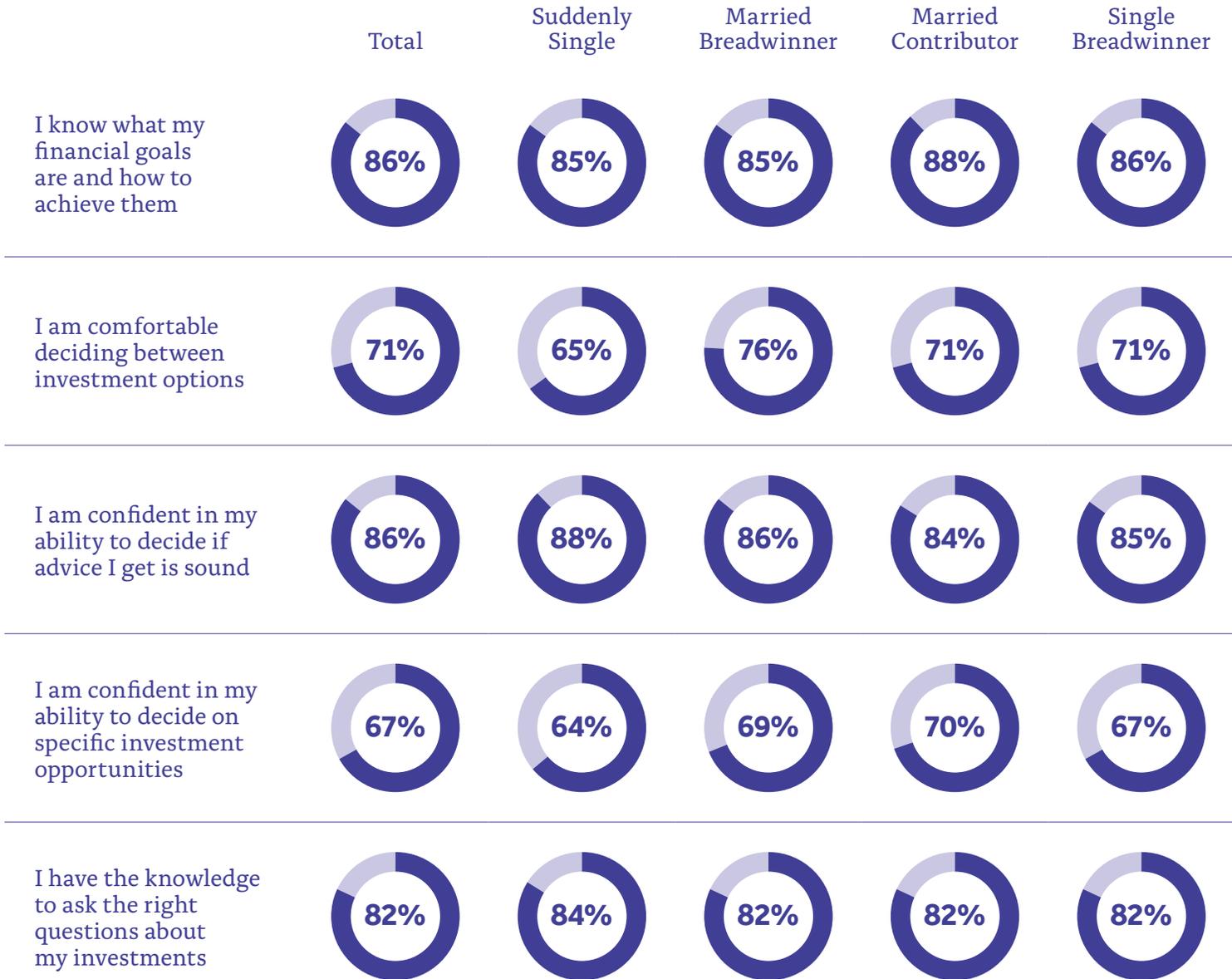
*“Talk to me,
not down to me.”*

EDUCATION

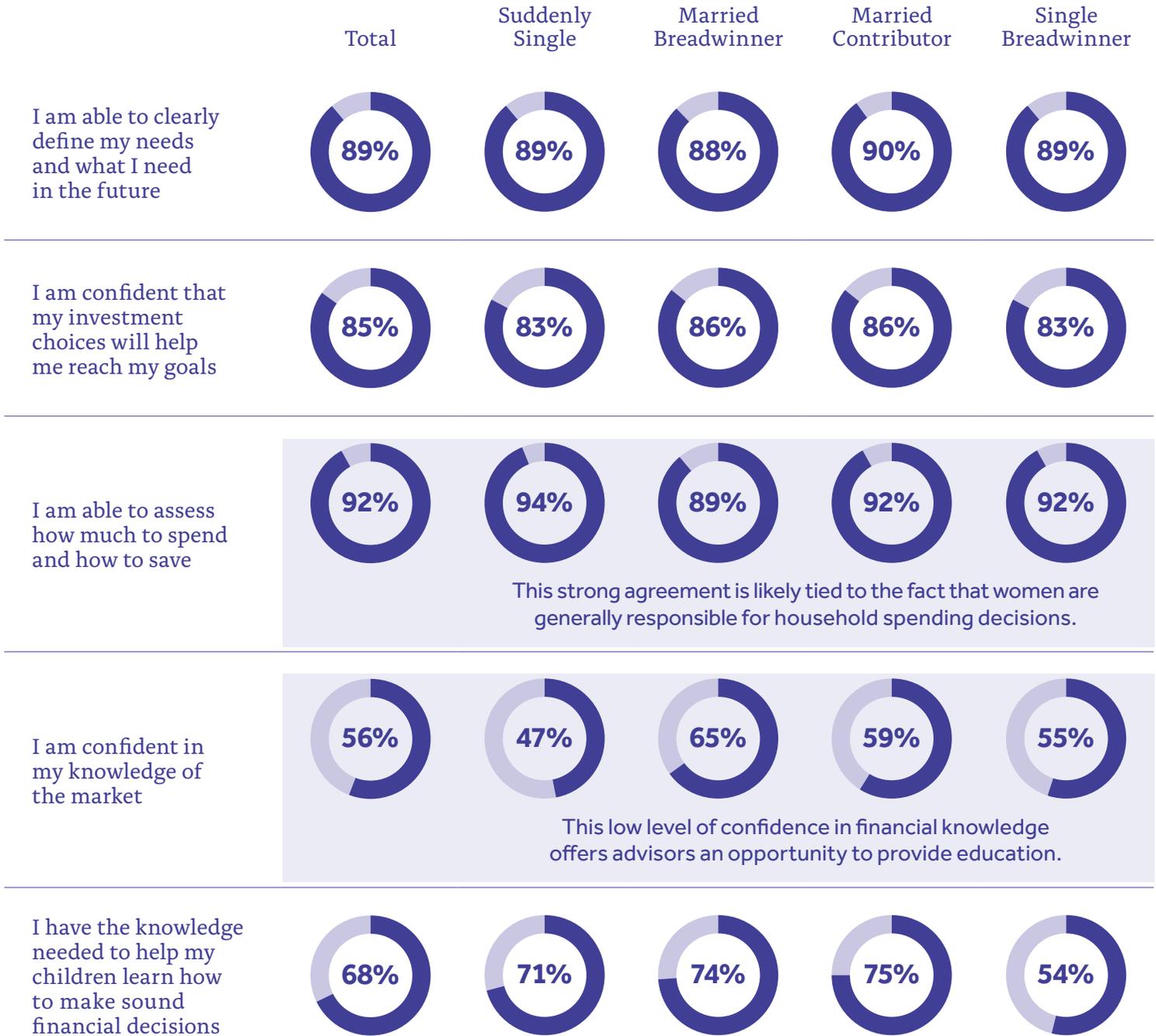
As mentioned earlier, many women feel hindered by a lack of education on the financial markets and investments. Increasing that knowledge will empower women, enabling them to assume a more responsible, active role with an advisor and to more confidently steer their financial future. Women are looking to their advisors for content and educational opportunities.

32% of women who do not work with an advisor find it challenging to find reliable information about investment products.

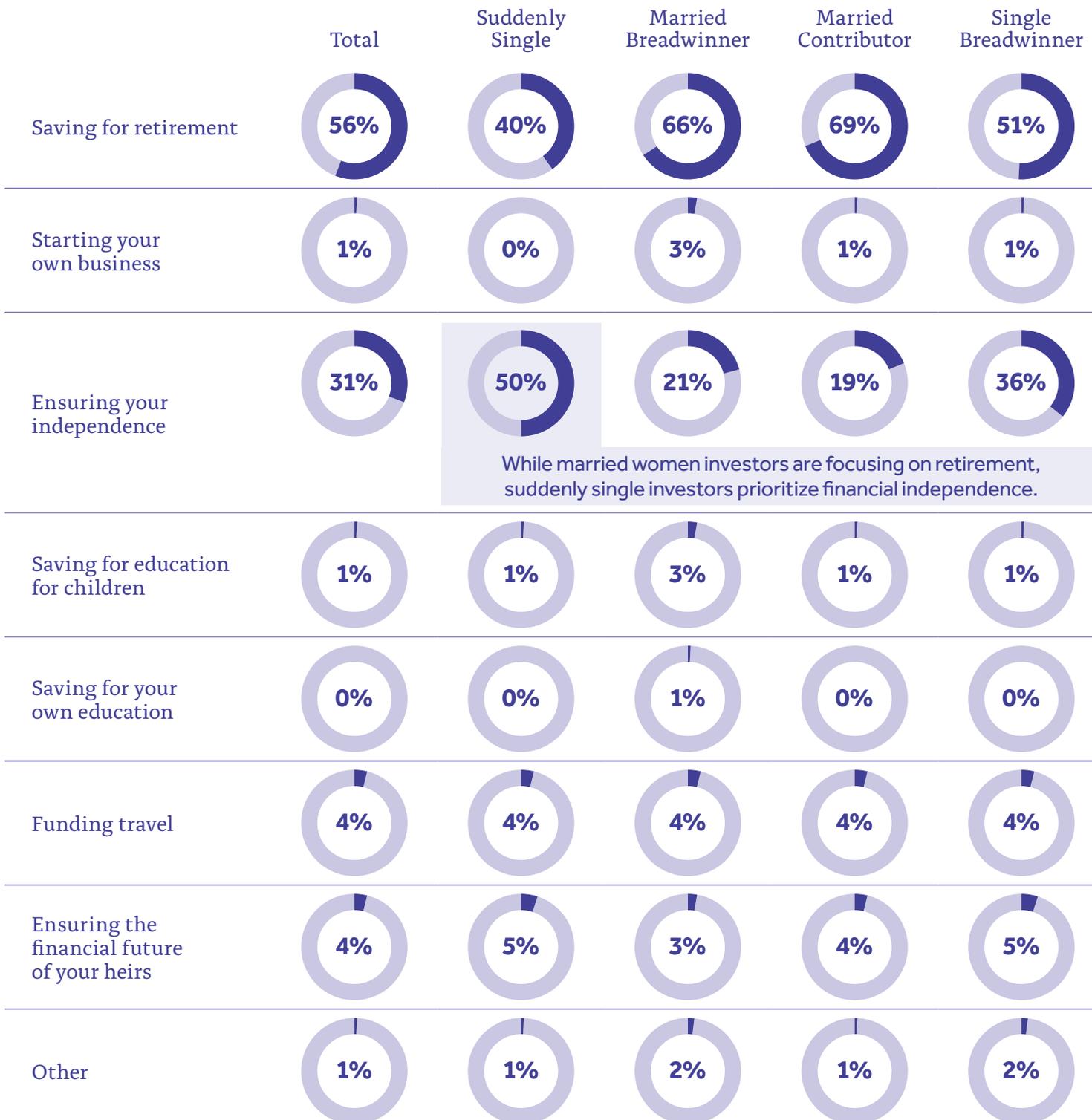
1 Thinking about your investment strategy and goals, tell us if you completely and/or somewhat agree with each of these statements:



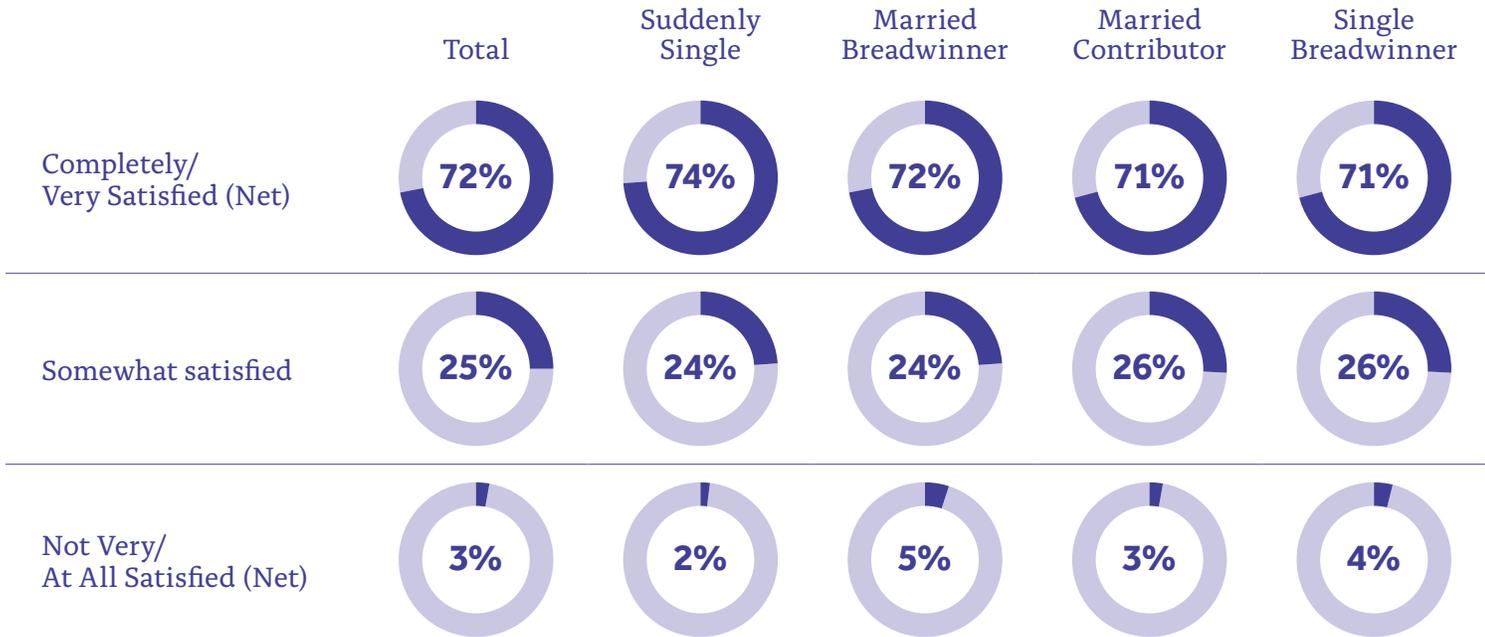
1 (Continued) Thinking about your investment strategy and goals, tell us if you completely and/or somewhat agree with each of these statements:



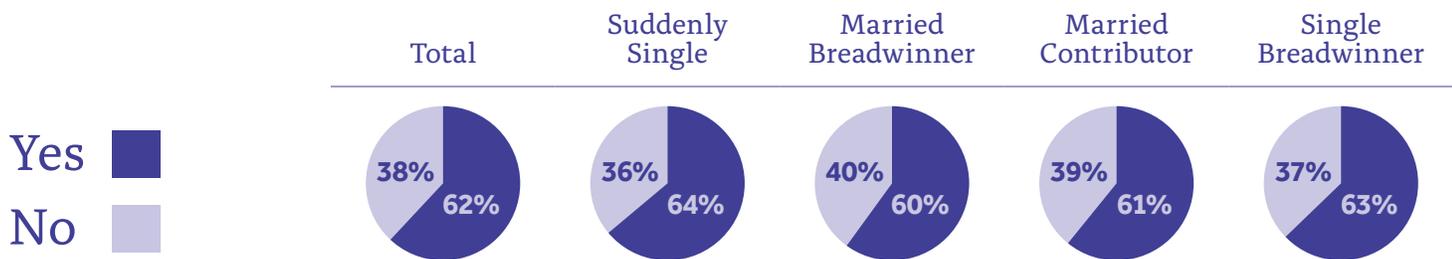
2 Please indicate your most important investment goal from this list:



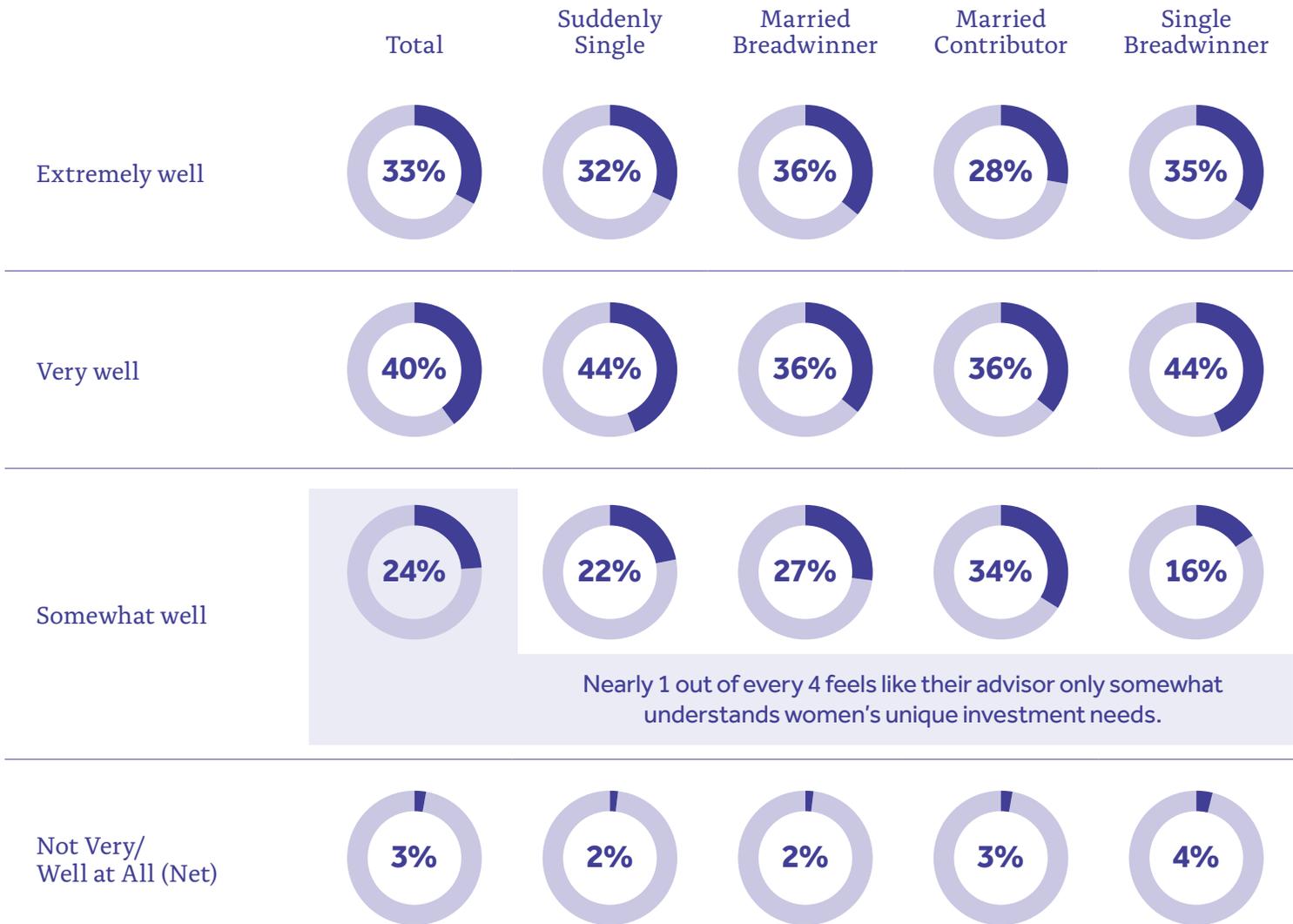
3 How satisfied are you that you are on track to achieve your financial goals:



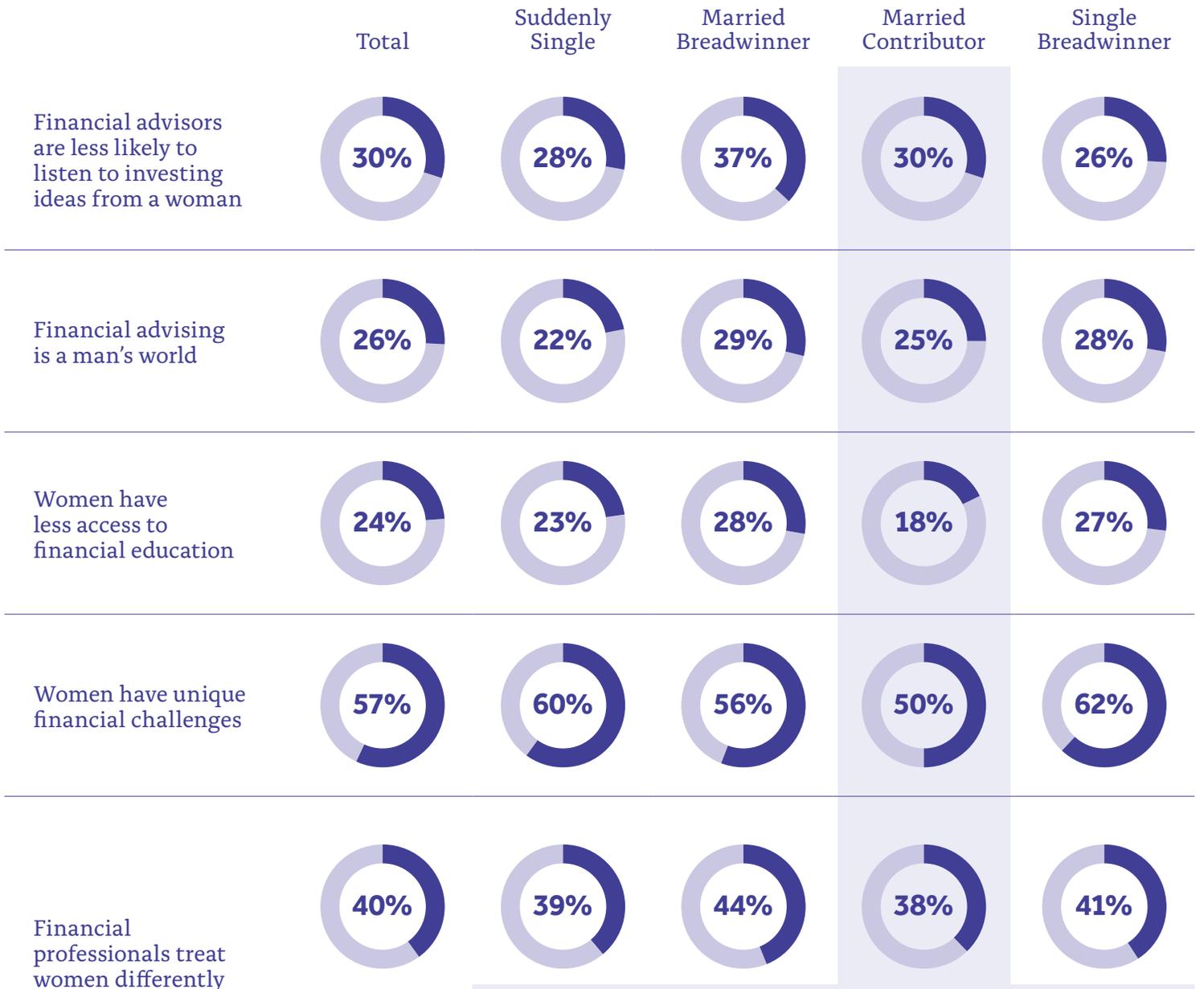
4 Do you believe women have unique needs and challenges when it comes to investing?



5 How well would you say your current financial advisor recognizes and deals with women's unique needs and challenges?

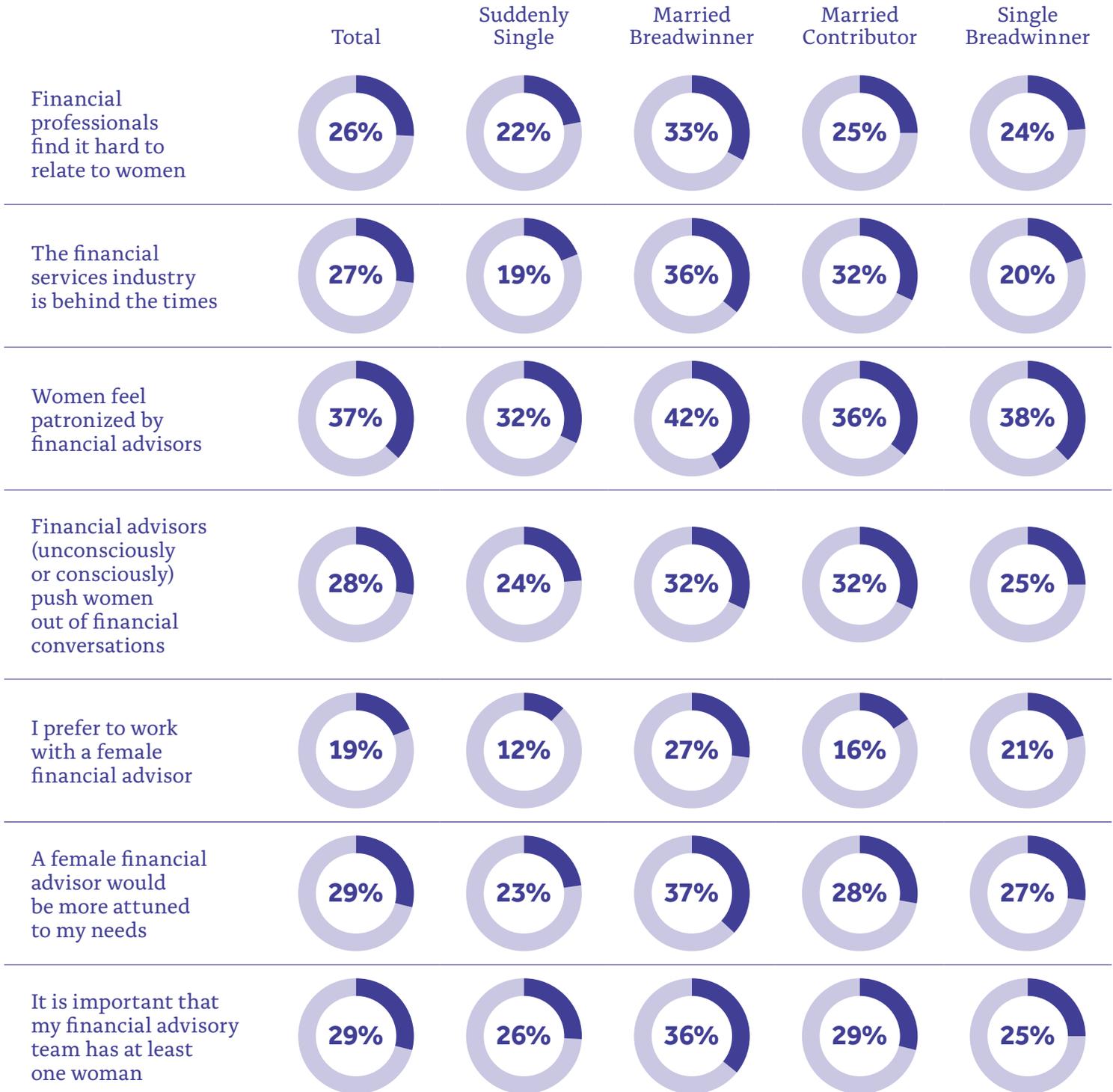


6 Thinking about women and investing, tell us if you completely and/or somewhat agree with each of the following statements:

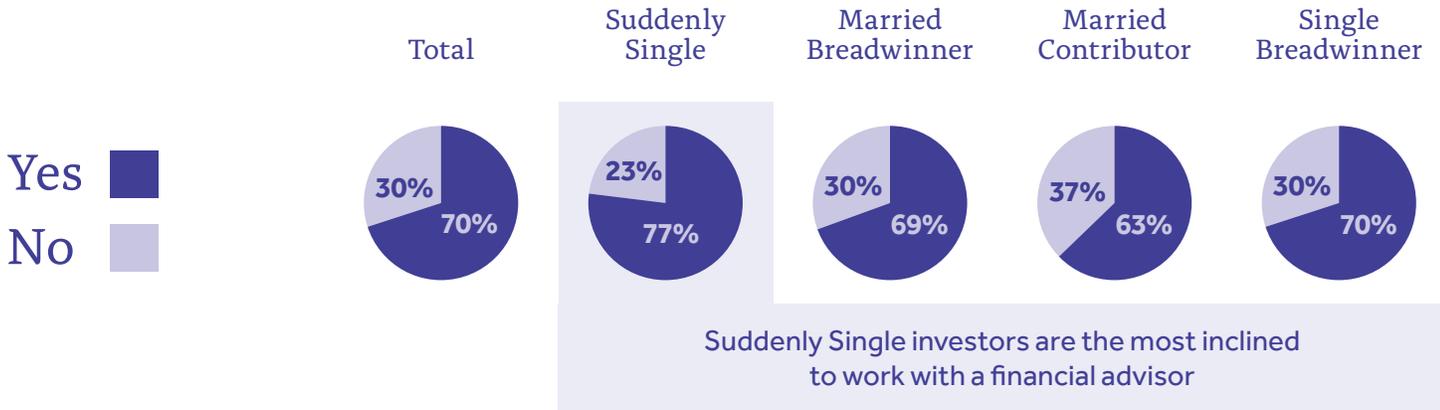


Married women who are the primary breadwinners in their household report higher incidences of being overlooked by the financial industry. They also have the strongest preference for a female advisor.

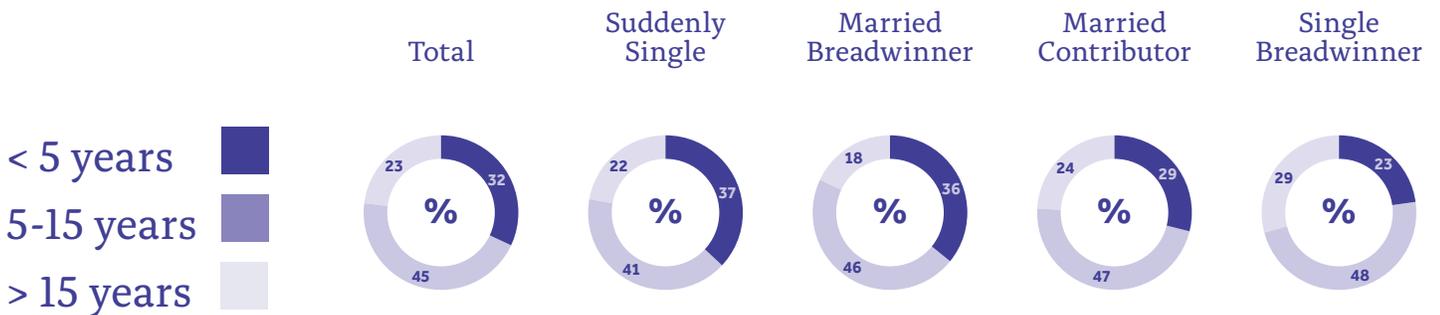
6 (Continued) Thinking about women and investing, tell us if you completely and/or somewhat agree with each of the following statements:



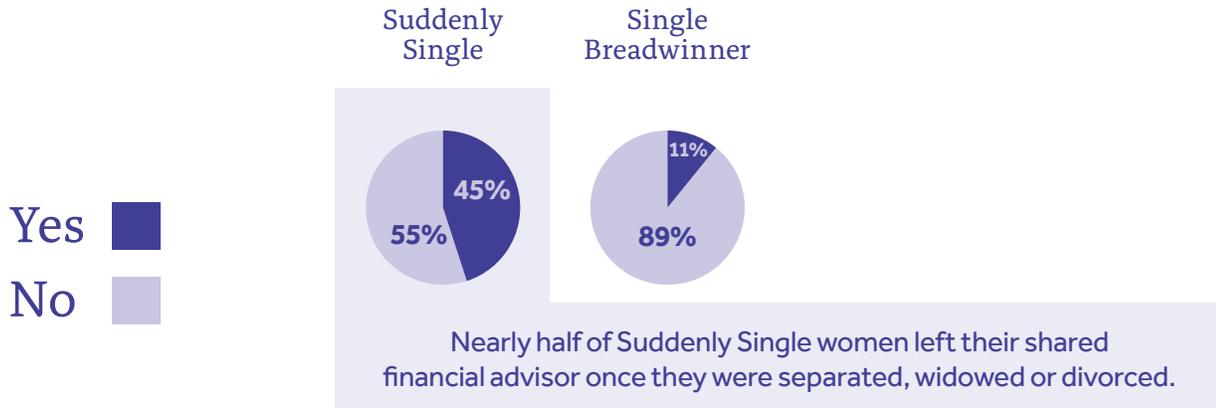
7 Do you currently work with a financial advisor to help manage and invest your money?



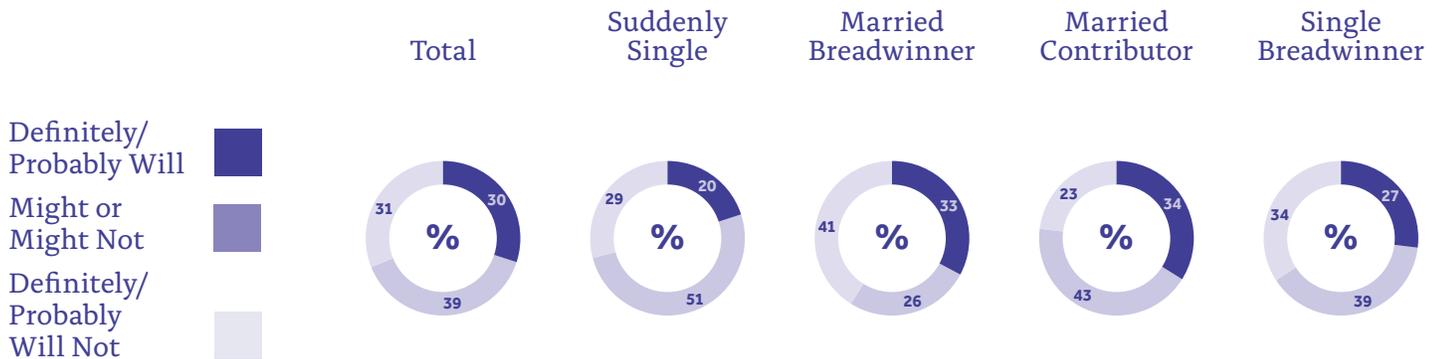
8 How long have you been working with your current financial advisor?



9 Were you and your significant other working with this same financial advisor before you were separated/divorced/widowed? (Among Single/Divorced/Widowed with New FA)



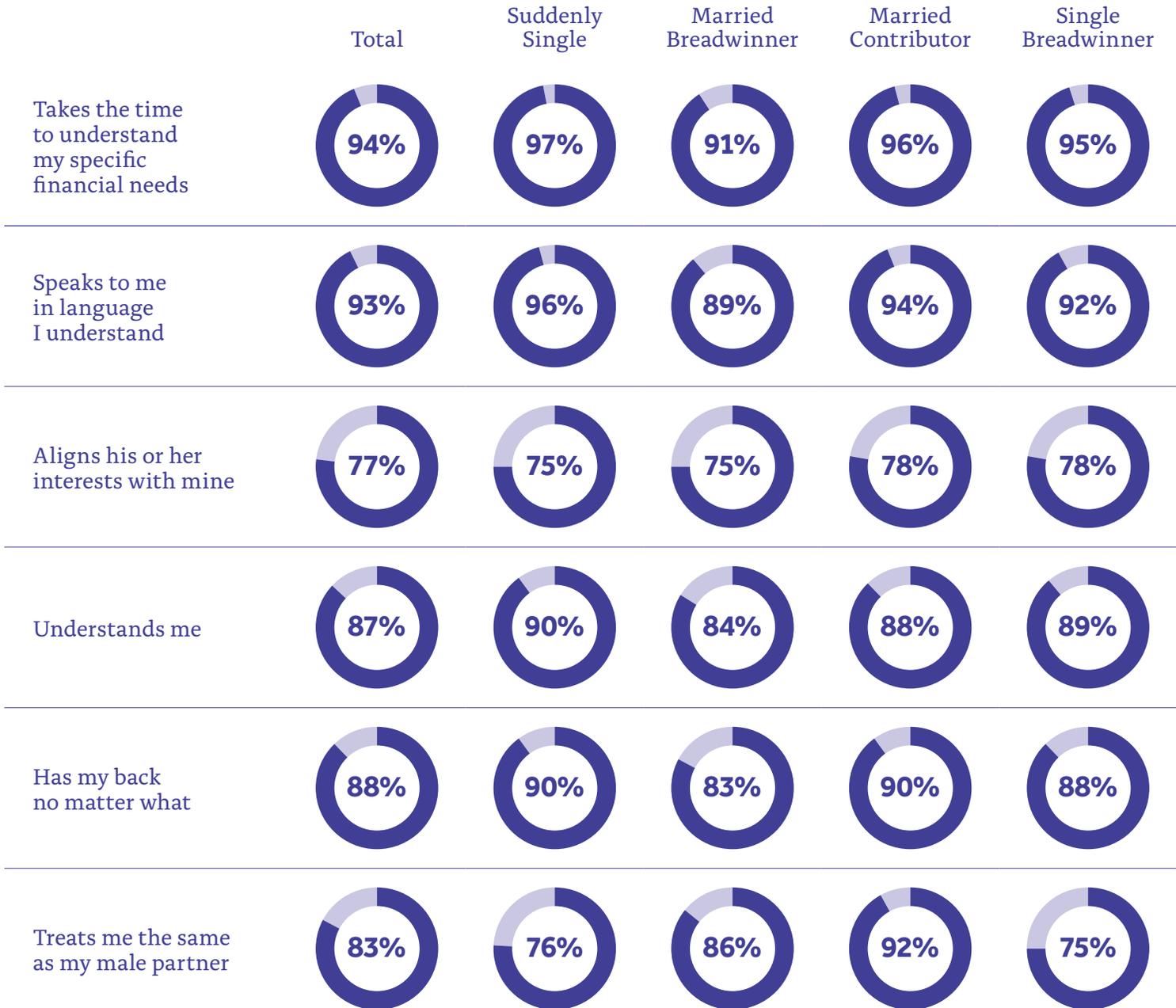
10 How likely are you to work with a financial advisor in the future?



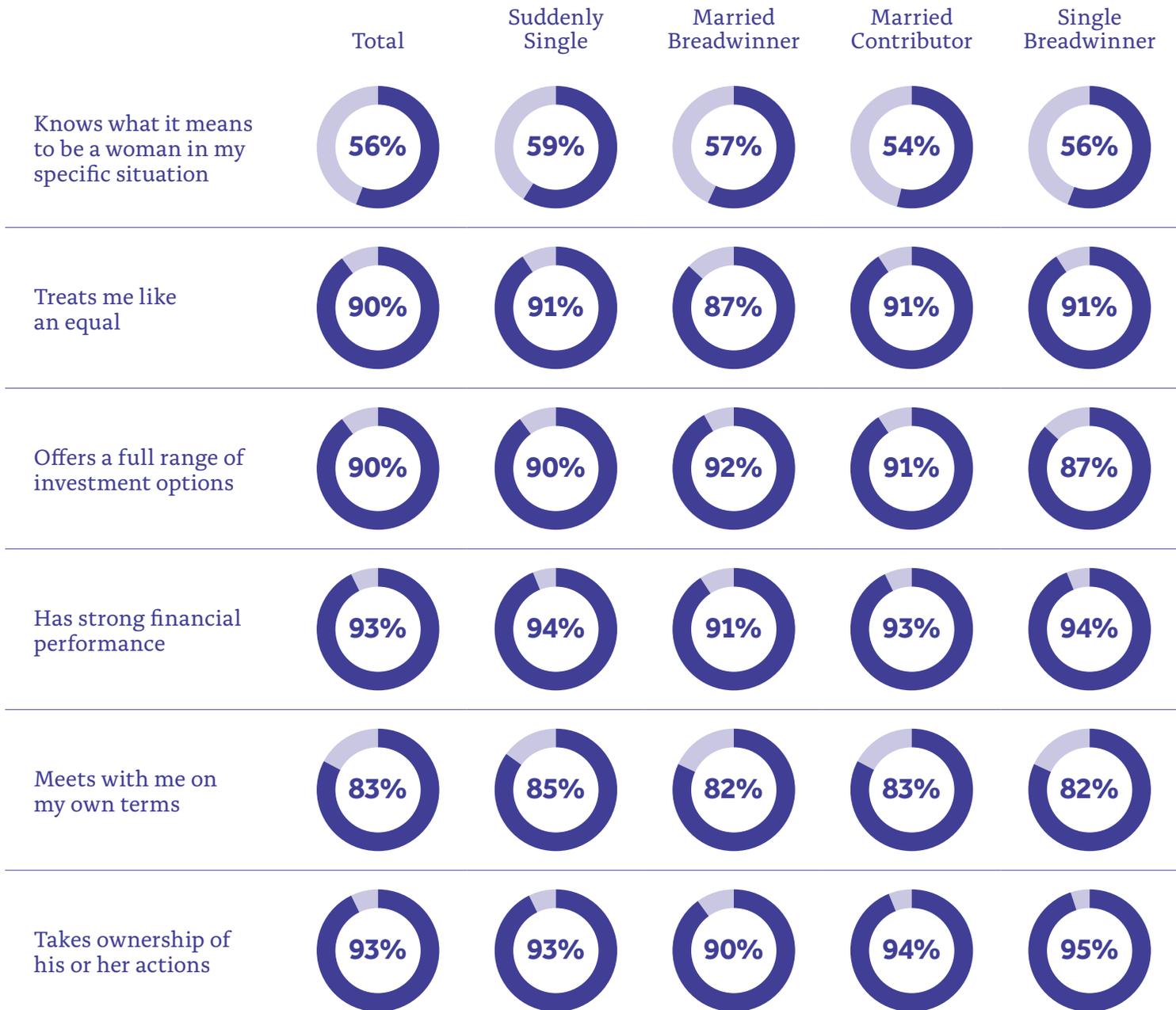
11 Thinking about choosing a financial advisor, which of the following is extremely and/or very important?



11 (Continued) Thinking about choosing a financial advisor, which of the following is extremely and/or very important?



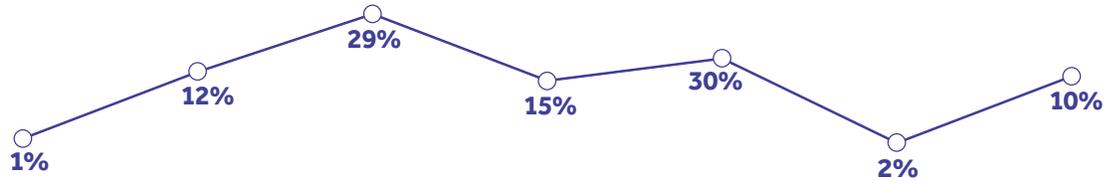
11 (Continued) Thinking about choosing a financial advisor, which of the following is extremely and/or very important?



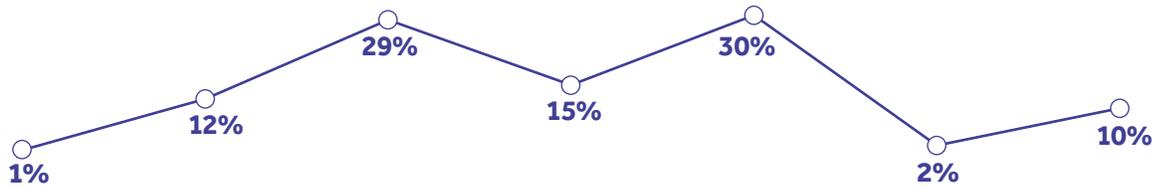
12 How frequently would you prefer to meet with a financial advisor?



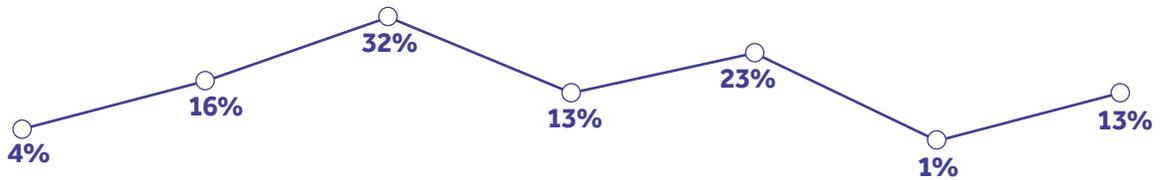
Single Breadwinner



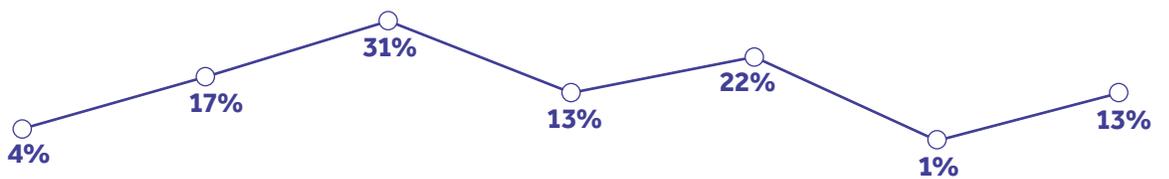
Married Contributor



Married Breadwinner

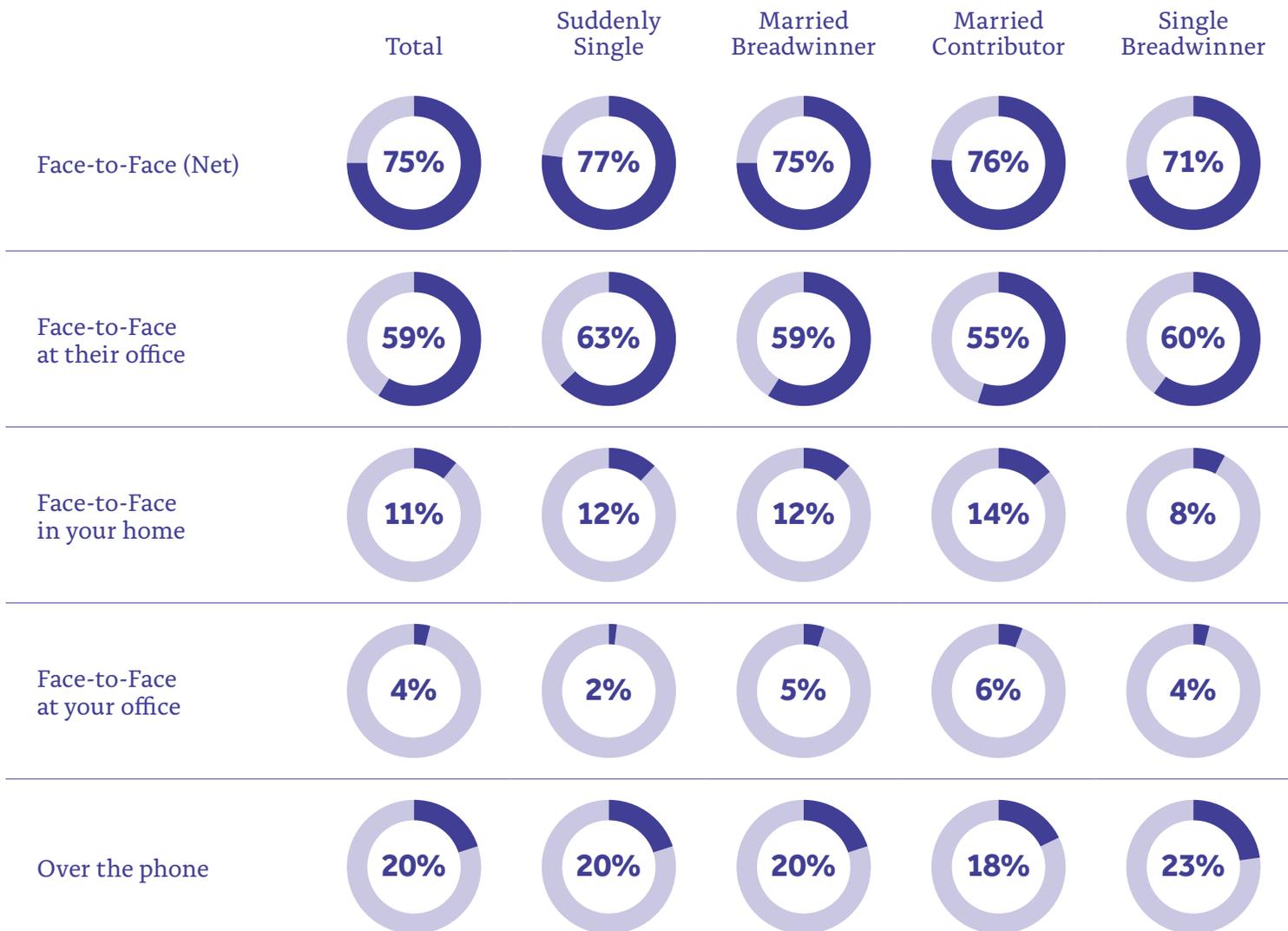


Suddenly Single

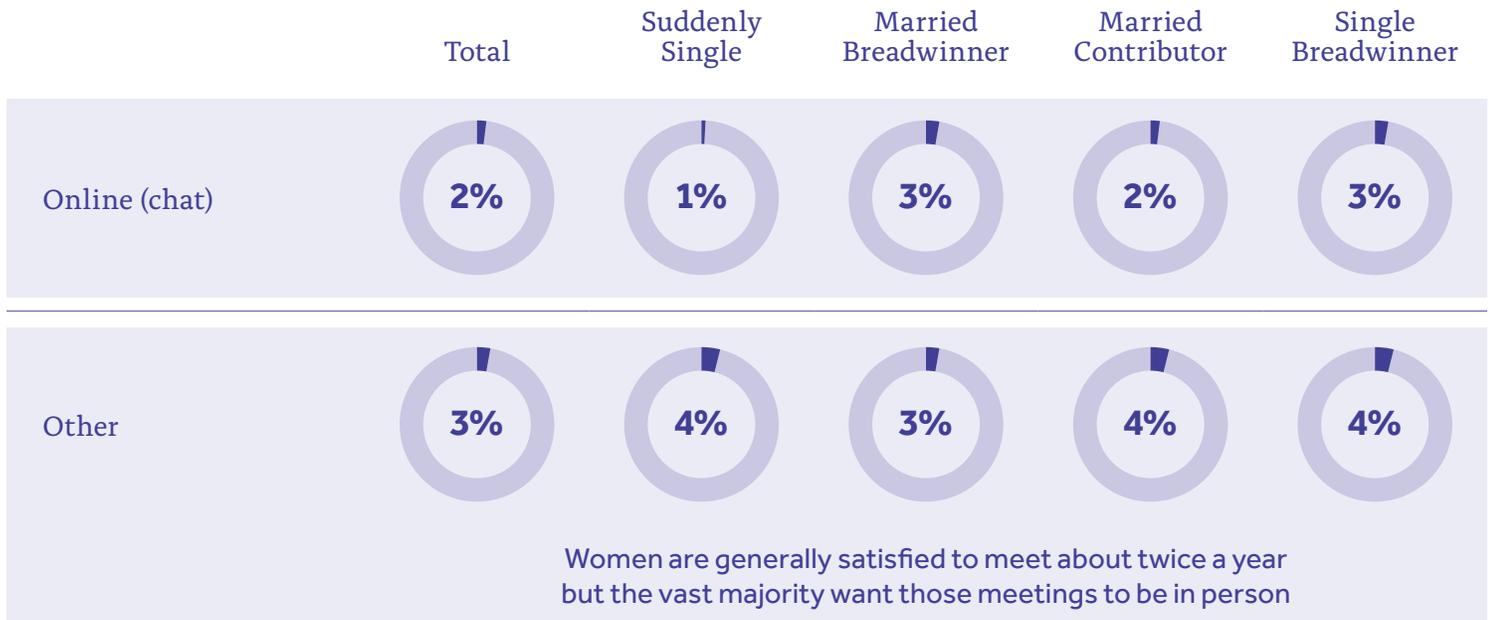


Once a month or more often	Once every 2 to 3 months	Once every 4 to 6 months	Once every 7 to 12 months	About once a year	Less often	Only when necessary
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13 When meeting with a financial advisor, what type of meeting would you prefer?



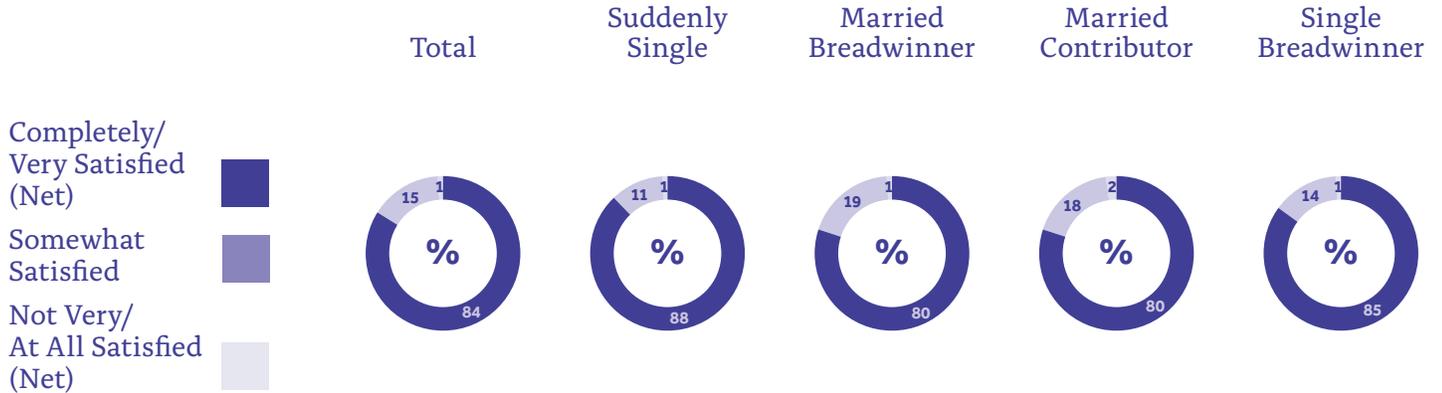
13 (Continued) When meeting with a financial advisor, what type of meeting would you prefer?



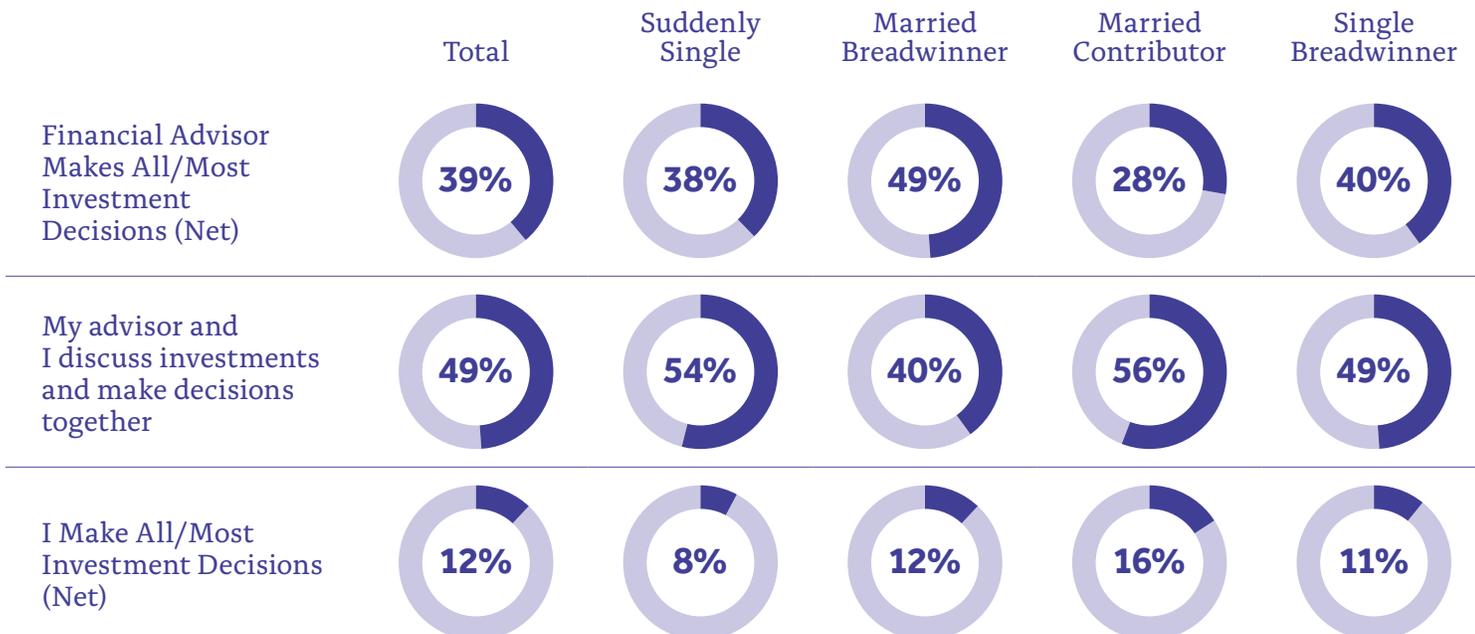
14 Thinking about activities that might be offered by a financial advisor, tell us if you would definitely and/or probably participate in the following:



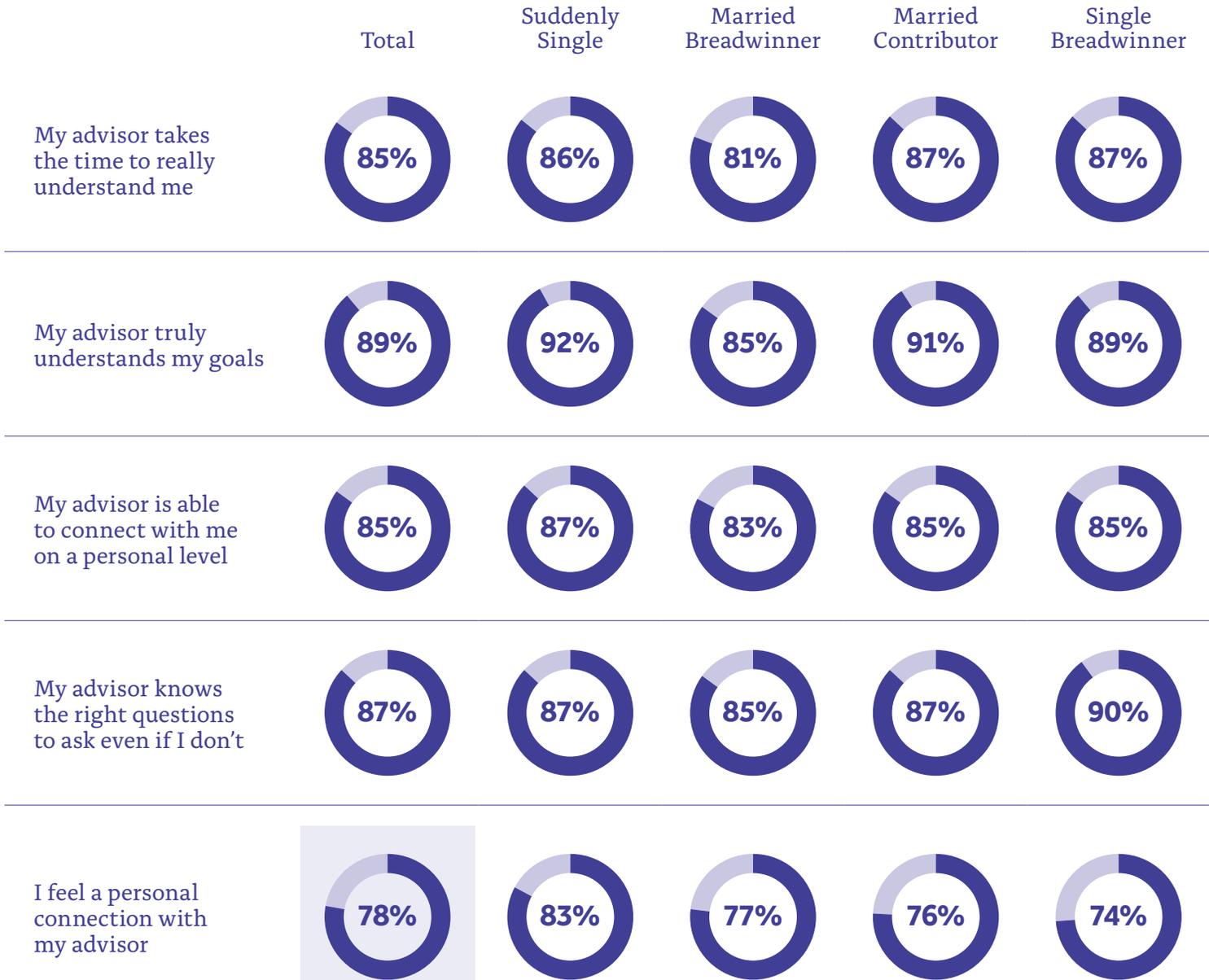
15 How satisfied are you with the financial advisor you are currently working with overall?



16 Which of the following best describes your level of involvement in making investment decisions?

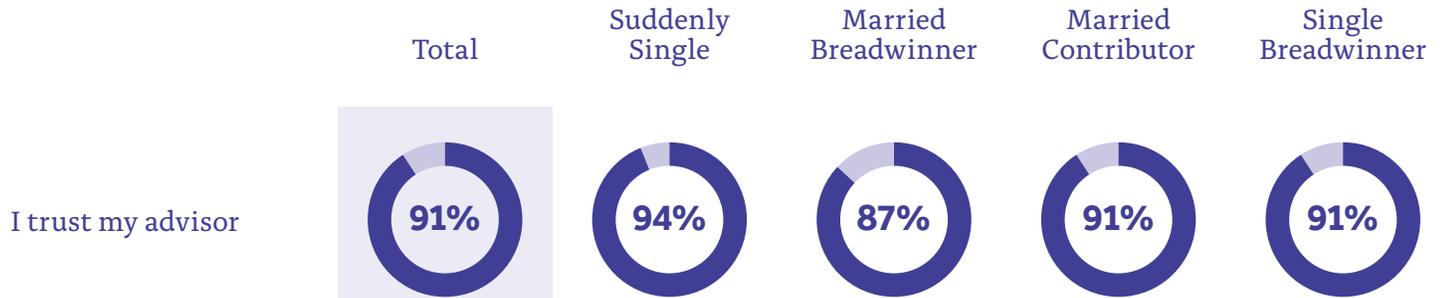


17 Thinking about your relationship with your financial advisor, tell us if you completely and/or somewhat agree with the following statements?



Almost all report they trust their advisor but considerably less feel a personal connection.

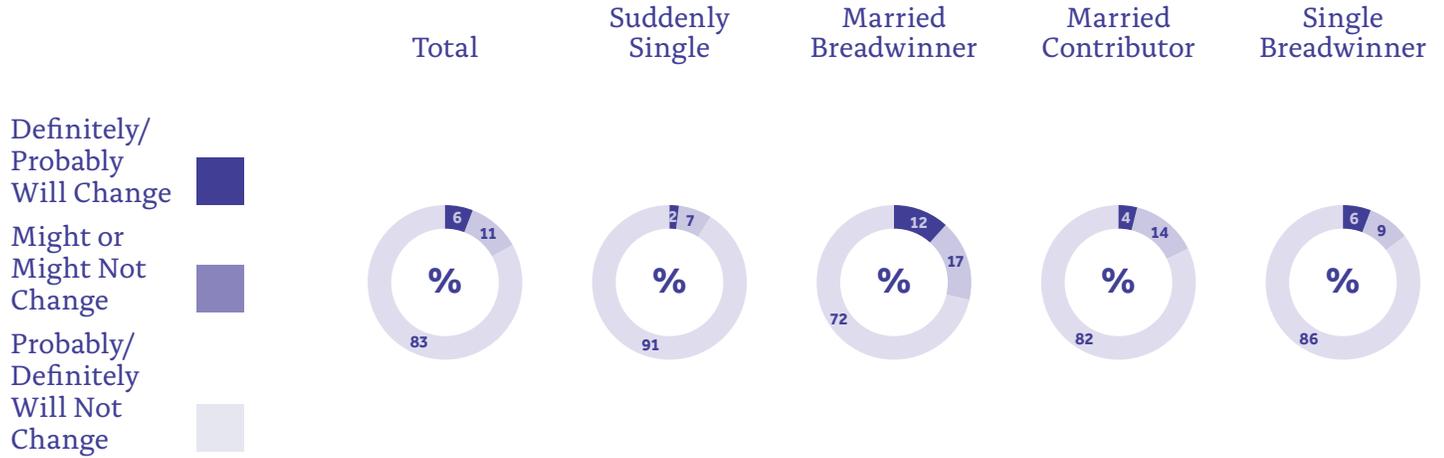
17 (Continued) Thinking about your relationship with your financial advisor, tell us if you completely and/or somewhat agree with the following statements?



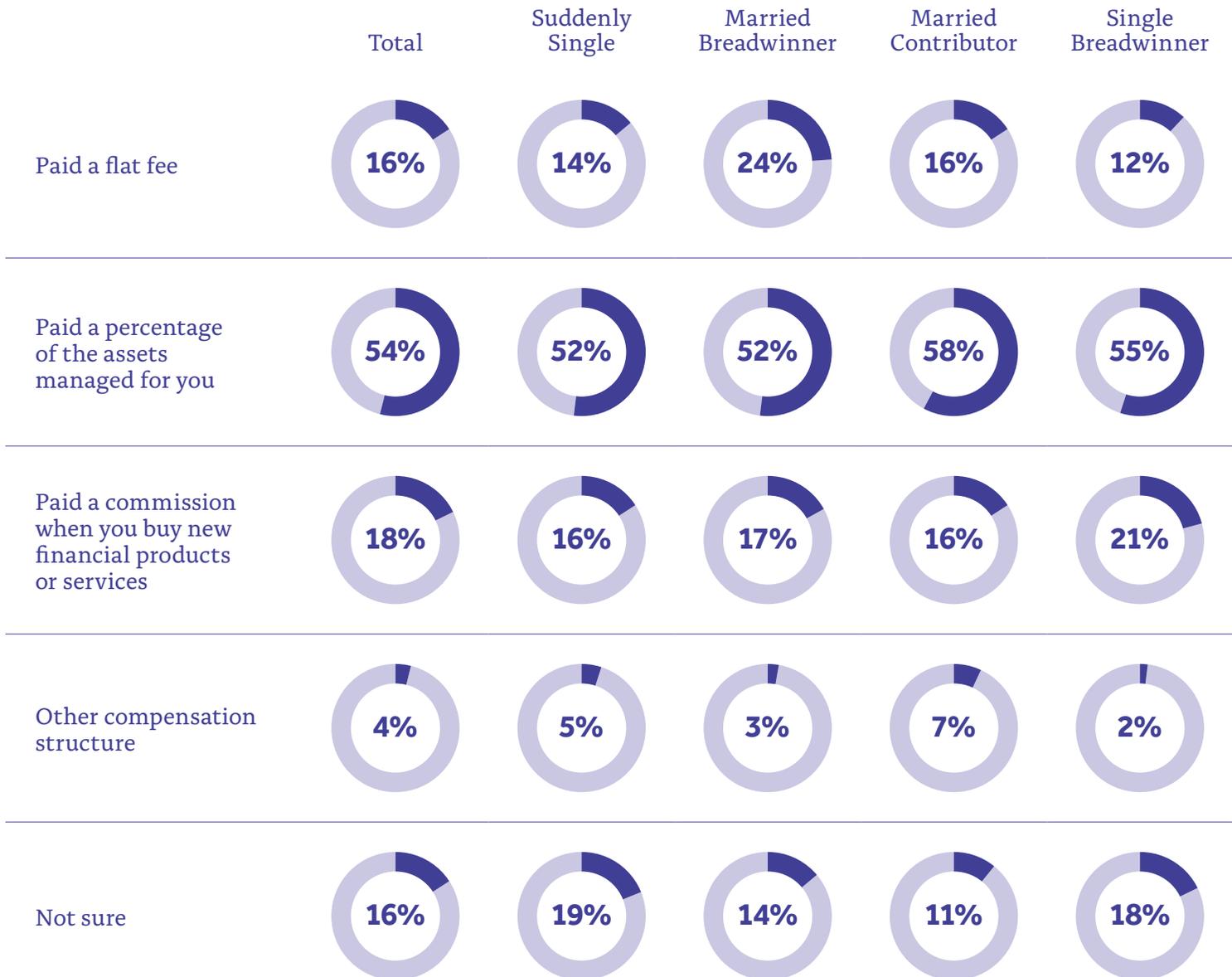
Almost all report they trust their advisor but considerably less feel a personal connection.



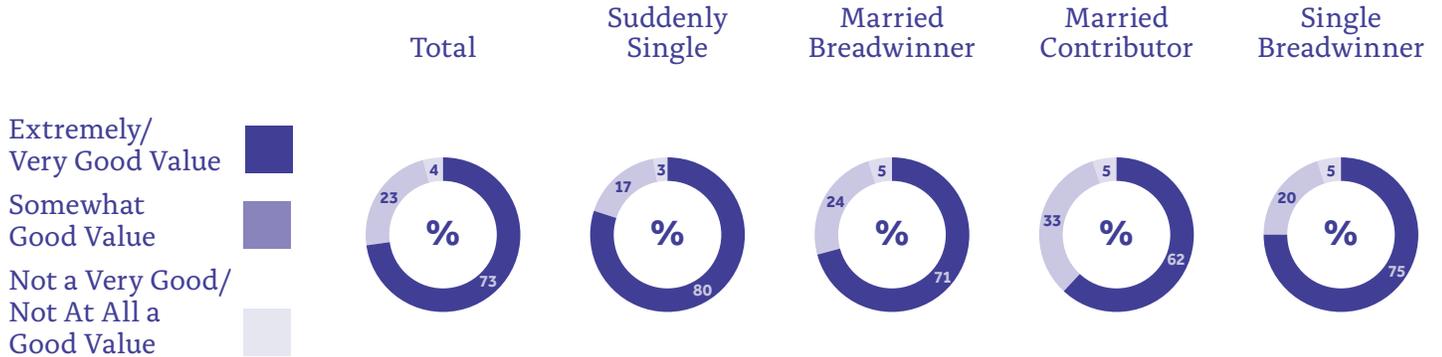
18 How likely are you to change financial advisors in the coming year?



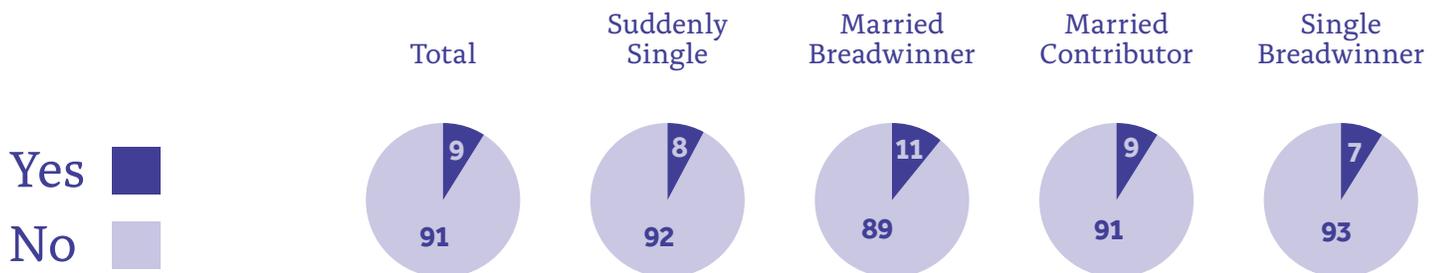
19 How is your financial advisor compensated?



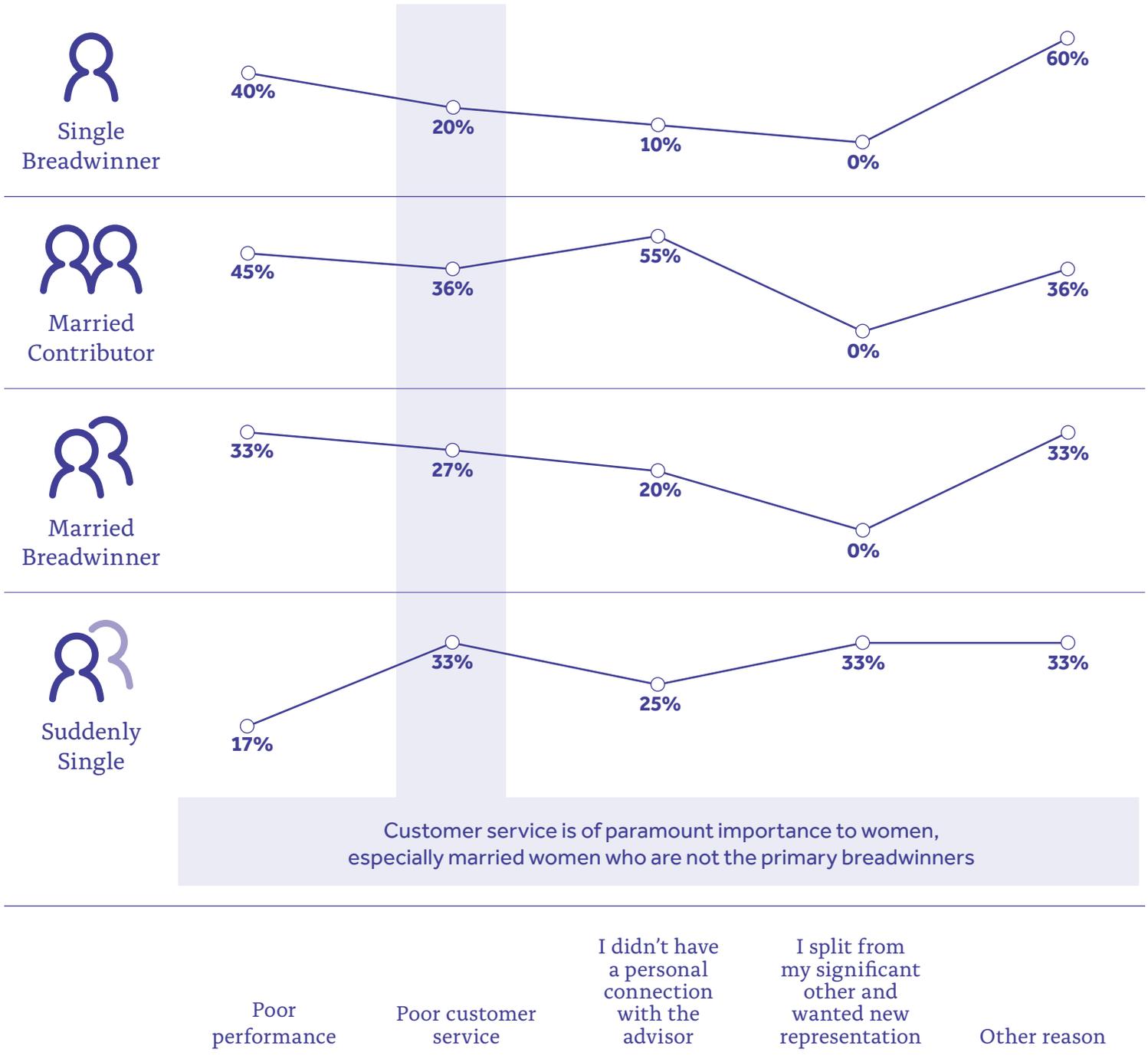
20 How would you rate the value you receive for the fees paid?



21 Have you switched to a new financial advisor in the past 2 years?



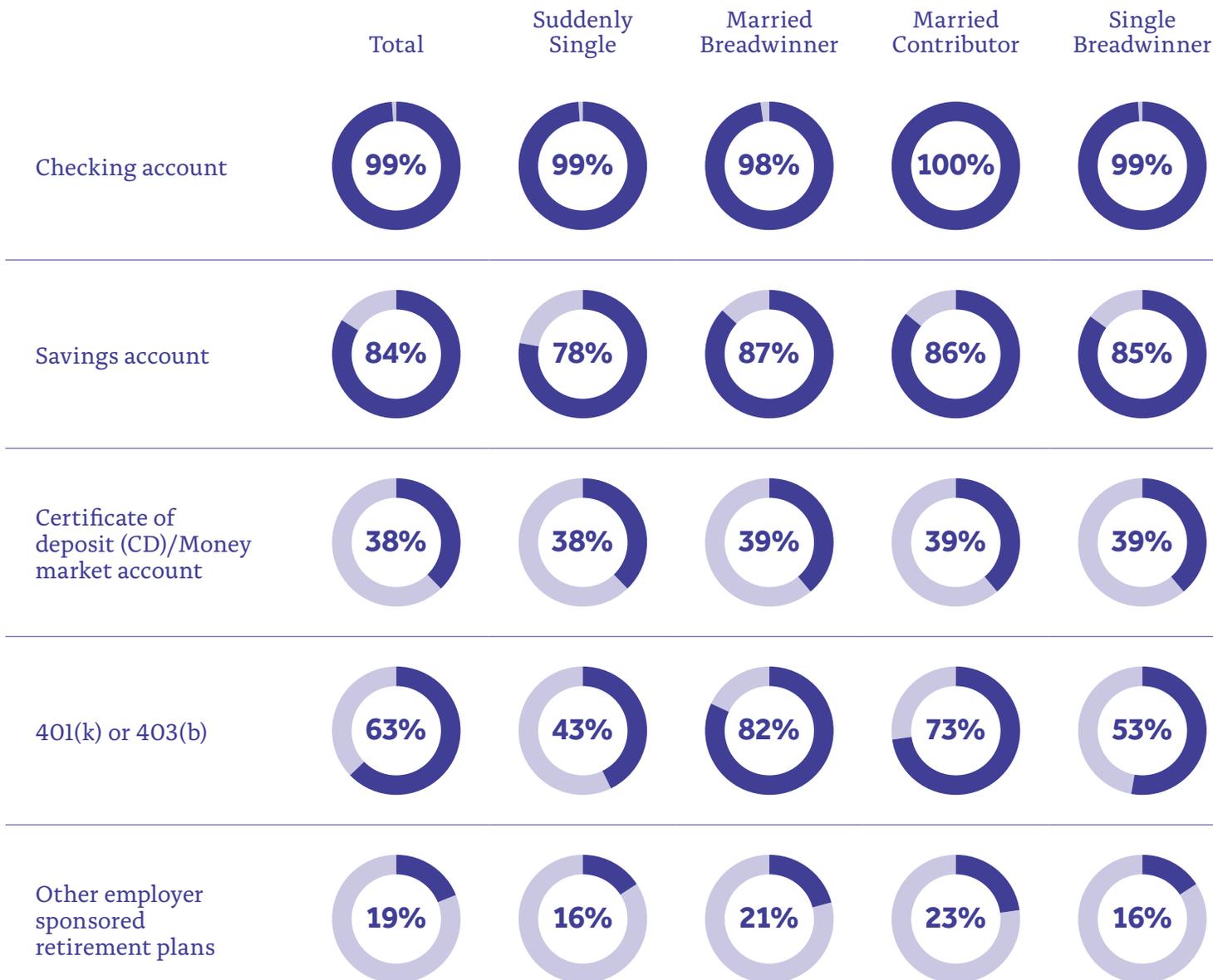
22 Why did you switch financial advisors?



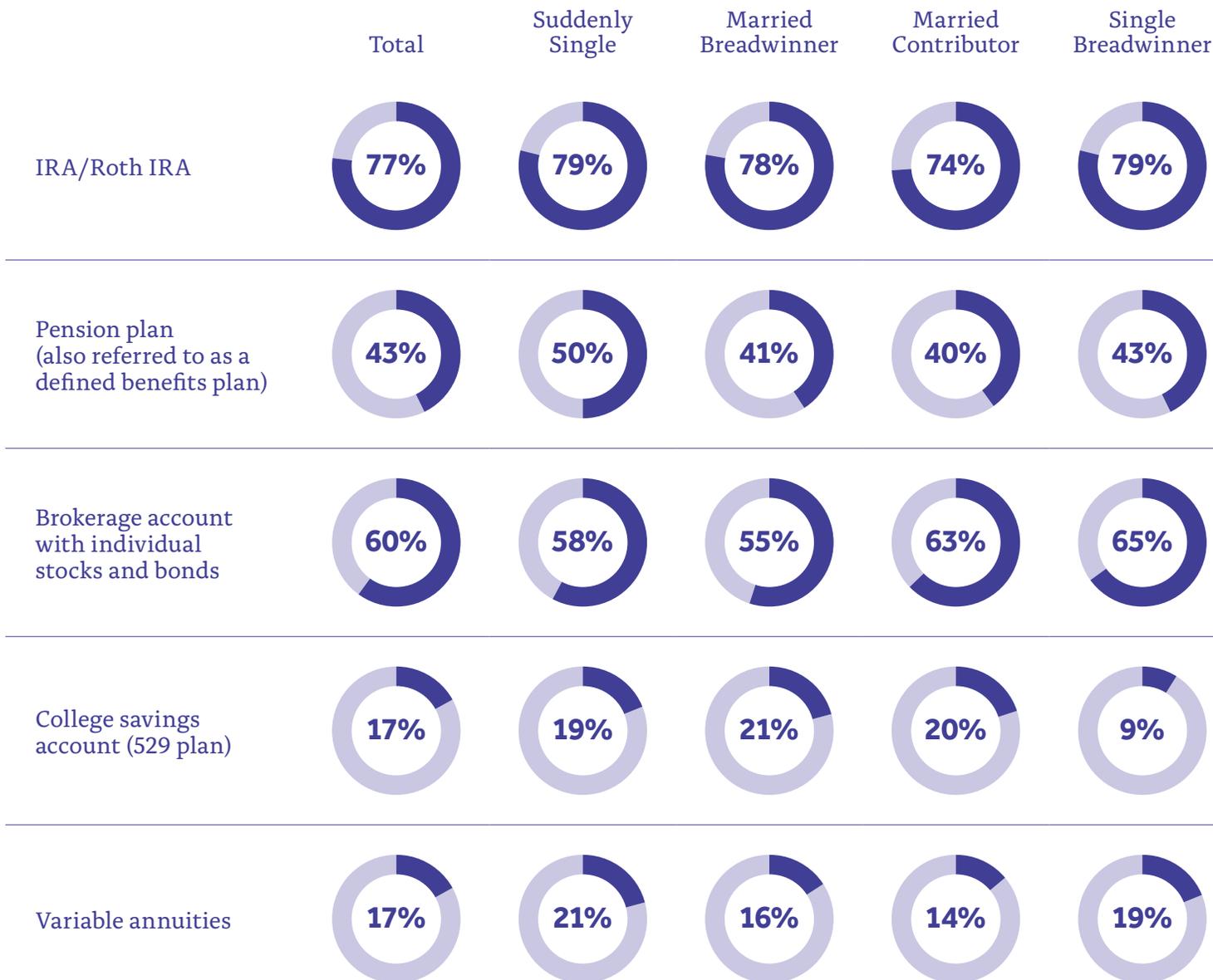
Customer service is of paramount importance to women, especially married women who are not the primary breadwinners

Base: Separated/Divorced/Widowed

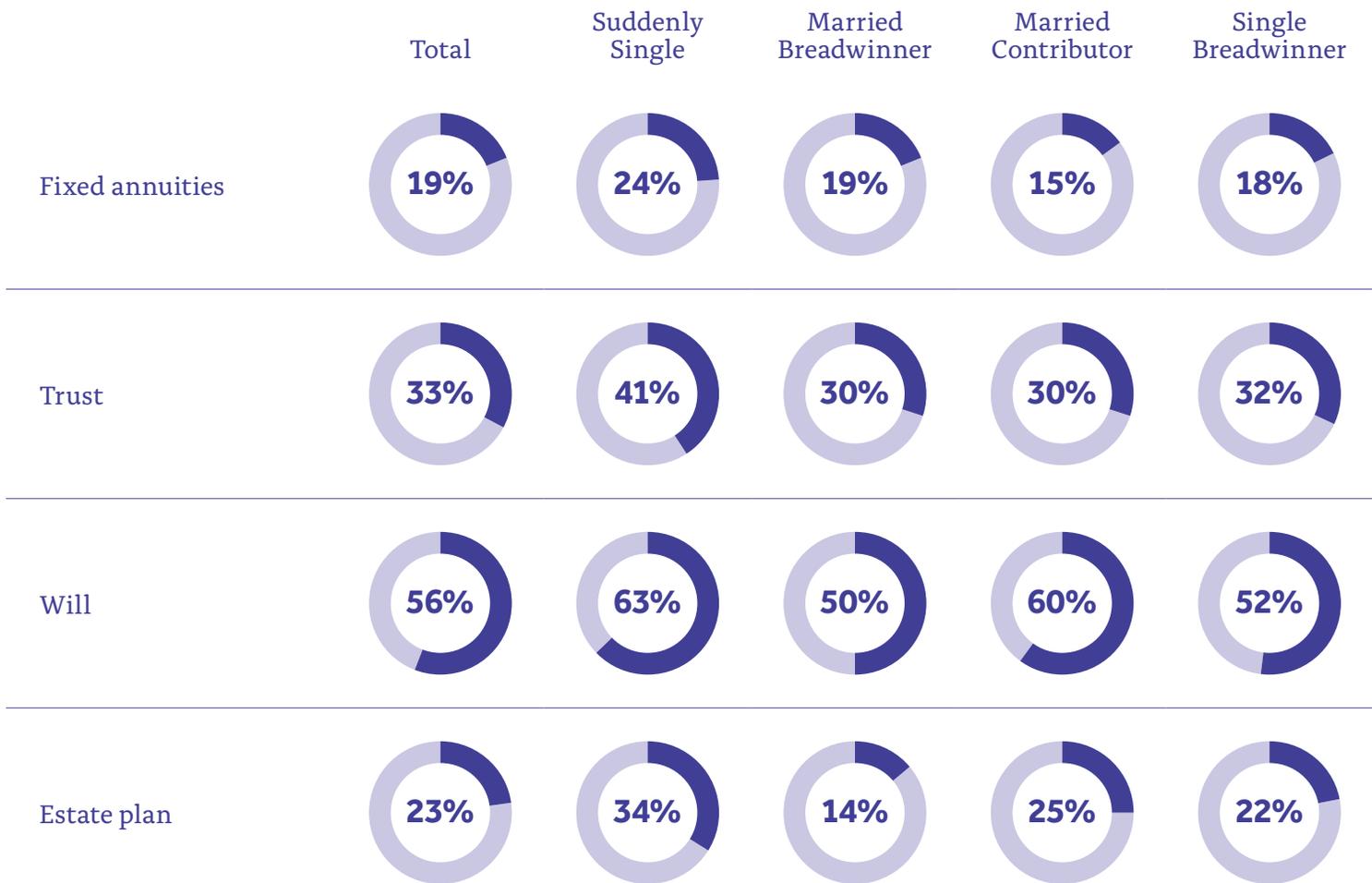
23 Which of these types of accounts do you have?



23 (Continued) Which of these types of accounts do you have?



23 (Continued) Which of these types of accounts do you have?



24 Thinking about investment options, which of the following would you definitely and/or probably invest in if it was available to you?

Total

Socially conscious investments that consider labor standards, supply chain management, health and safety and gender diversity issues



Women are highly interested in investments that align with their personal values

Environmentally friendly investments that consider company impact on climate change, carbon emissions, air/water pollution and energy efficiency



Women are highly interested in investments that align with their personal values

Governance issues that consider board and executive compensation, lobbying, business ethics and political contributions



24 (Continued) Thinking about investment options, which of the following would you definitely and/or probably invest in if it was available to you?

Total

Hedge funds



Real estate investment trusts



Women are highly interested in investments that align with their personal values

Venture capital



Private equity



Emerging markets



Methodology

New York Life Investments commissioned this market research study which was conducted by RTi Research. The survey was in the market from October 26, 2018 – November 5, 2018 and was completed by 801 female panelists with the following qualifications: 25+ years of age, at least shared responsibility for financial decisions, and \$250,000 or more in household investable assets. The segment breakdown was 200 suddenly single women (divorced, separated or widowed within five years), 200 married breadwinners, 201 equal partners and 200 single women.

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Insights presented in this report are derived from a 2018 study conducted by NY Life Investments in partnership with RTi Research and Sub Rosa. The study employed both qualitative and quantitative methods to better understand the needs of women when it came to investing in the U.S. (Sample size: N=32; N=800 respectively).

The Advisor Advancement Institute is a program within New York Life Investments. “New York Life Investments” is both a service mark, and the common trade name, of certain investment advisors affiliated with New York Life Insurance Company.

