NEW YORK LIFE INVESTMENTS

Women and Investing

The financial services industry is undergoing a dramatic shift.

The next generation of investors will be younger and more diverse, with women taking a more prominent role in building and growing family and personal wealth.

How will this new paradigm shape the future of products and services on offer in the industry, and will wealth managers be ready to cater to these changing needs?

Growing Economic Might

Women are:

underrepresented in the investing world - but this is changing fast.

While various cultural and societal reasons contribute to this shift, there is also a more simple driver: **rising economic might.**

2020 **$22t**

2014 **$14t**

Women-controlled wealth in North America.
BMO Wealth Report

51%

Personal wealth in the U.S. controlled by women.
BMO Wealth Report

$28.7 Trillion

Intergenerational wealth set to be inherited by women over the next 40 years.
Forbes

Women are:

key decision-makers for families when it comes to financial moves.

96%

Women who have primary, or shared, responsibility for family financial decisions.
Forbes

70-80%

Consumer purchases driven by women, through buying power and influence.
Forbes

Women are:

becoming more **important drivers** of income and wealth for their families.

40%

Percentage of U.S. households where women are the primary breadwinners. **This represents nearly a 4x increase from 1960.**
BMO Wealth Report

30%

Private businesses in the U.S. owned by women.
BMO Wealth Report

52%

Management, professional, and related positions held by women.
BMO Wealth Report

Women are:

highly educated. They make up **the majority** of recipients for these degrees in the U.S.

61% ★ Associate's degrees

57% ★★ Bachelor's degrees

60% ★★★ Master's degrees

52% ★★★★ Doctoral degrees

Georgetown University

The Wealth Management Gap

As women's economic influence rises to new levels, how will they manage this wealth?

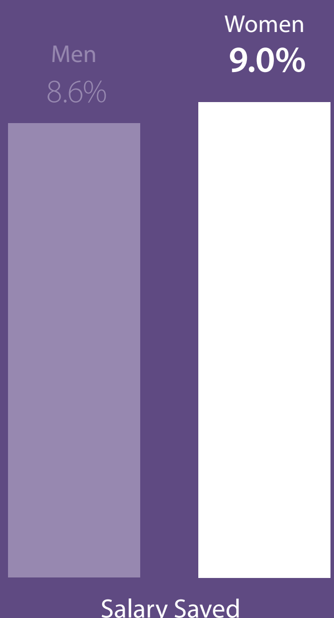
Interestingly, studies show that women think about money and wealth differently than men, and differently from the precedents set in the financial services industry.

But are these advantages being used to their full potential?

Women Save More

On average, women save 9.0% of their salary in comparison with men

Fidelity



Some studies show women can earn higher rates of return on investments. In one study, women earned a 0.4% higher rate of return than men.

Fidelity

Women Score Lower

On financial literacy test scores (out of 5) in 2015:

"Women consistently score lower than men on financial literacy measures, and this gender-based gap may negatively impact women's long-term financial well-being."

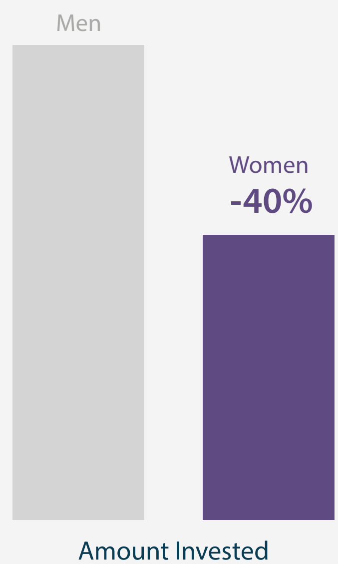
FINRA NFCS

- Gary Mottola (FINRA)

Women Invest Less

One survey shows that women invest 40% less than men.

Wealthsimple



According to another study, if women were given $1k, they would be 35% less likely to invest the money than men

Lexington Law

Why are so few women investing, and how can the financial services industry better serve women?

Changing Concerns

Data from a recent survey by New York Life Investments sheds light on why women may be underserved by the industry.

Let's look at why women are switching financial advisors:

33%
Poor Performance

27%
Poor Customer Service

29%
Lack of Personal Connection with Financial Advisor

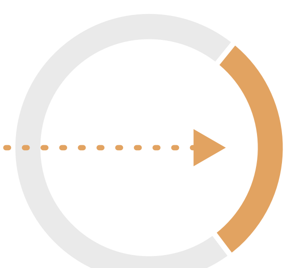
Women don't switch investment advisors simply because of poor performance - there are other, more complex factors involved.

Part of this is likely because 62% of women say they have unique investment needs and challenges:

Perceptions

of Women and Investing

(Agree Completely / Somewhat)



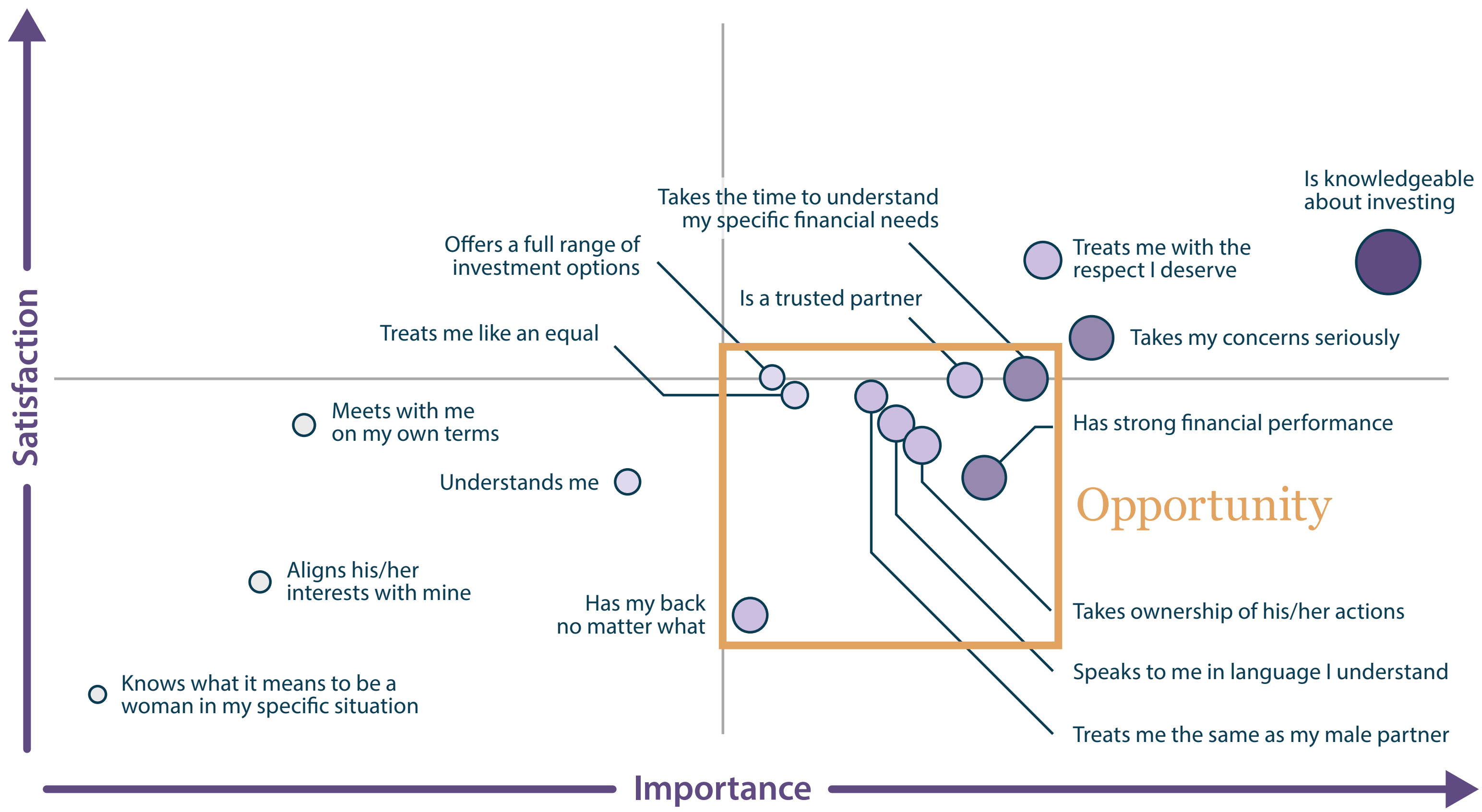
Based on these results, it is not surprising to learn that 29% of women agree that having a female financial advisor would be more attuned to their needs.

But there are other opportunities to serve women better as well:

Women Investor Survey

The areas that women rank as important, yet also have a low level of satisfaction, are opportunities for financial advisors to better serve women.

(Bubble size = Opportunity size)



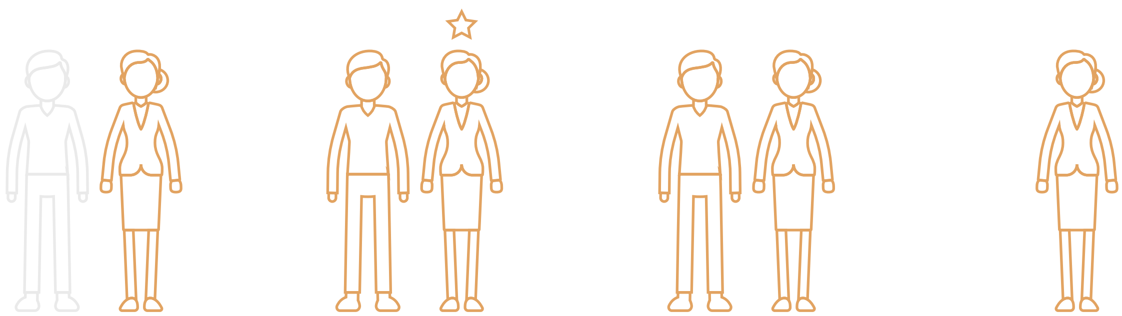
Soft skills can be a huge contributor to satisfaction levels, improving the relationship between women and their investment advisors.

But perhaps just as important is to better understand the client.

Deeper Dive

It is crucial for advisors to understand that women are not one large, homogenous group.

In fact, research shows that there are **four unique segments** of women that approach investing differently – and they each have different sets of needs.



Suddenly Single

Women who have been recently separated, divorced, or widowed in the past five years

Married/Partner Breadwinner

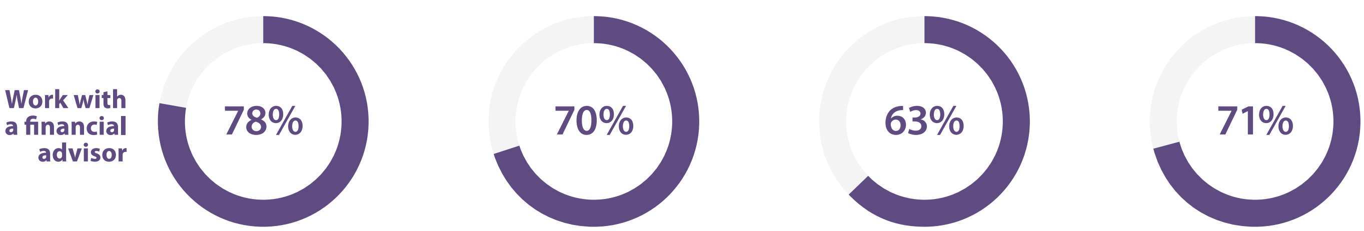
Professional women who represent the primary source of income for the household

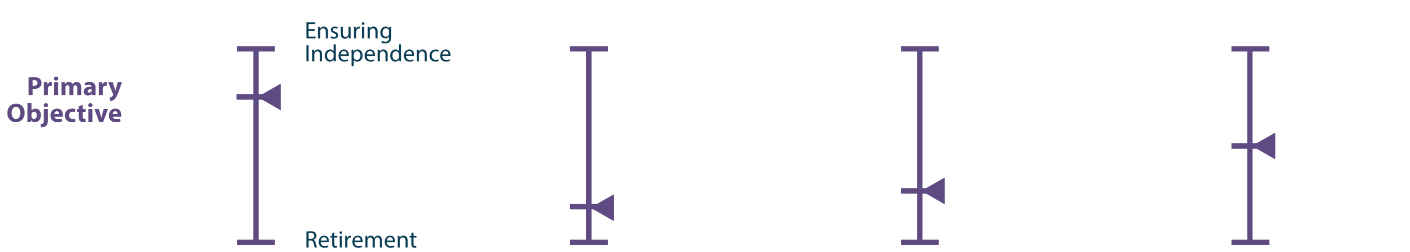
Married Contributor

Professional and non-professional women whose primary contributions to the household tend to be non-financial

Single Breadwinner

Professional and non-professional women defined as living alone or as a single family unit





The financial services industry can only unlock the power of women and investing if these unique client needs are taken into account.

Stay tuned for

Part 2

of this infographic series, which will detail the differences between these segments.

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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).

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