

WOMEN'S STOCK IS RISING – WHY AREN'T THEIR PORTFOLIOS?

When it comes to investing, women are underrepresented and underserved. One reason for this is that it's hard for them to find suitable advice.

Consider the following insights:

- Approximately 51 percent of American personal wealth, or \$14 trillion, is currently controlled by women, according to the Bank of Montreal's Wealth Institute.
- The amount of wealth controlled by women is expected to grow to \$22 trillion by 2020.
- Women currently hold the majority (52 percent) of management, professional and related positions.
- Women are starting businesses at twice the rate of men.¹

Despite these professional advancements, women continue to fall behind men in the areas of financial and retirement planning. According to a January 2018 Vanguard report:² *Women Versus Men in DC Plans*, men's retirement account balances are more than 50% higher than women's – despite women living on average, more than 6 to 7 years longer than men.

The “investment gap” is a reality. While women have increased their investment power, we believe the investment market has been notoriously slow to meet their needs. Women advisors who help other women grow their wealth are few and far between. Services catered to the unique needs of female investors are scarce. But the demand is clear, and people are starting to take notice. We believe that before we see a true balancing of the scales, changes must happen in the way financial advice is delivered to women by addressing the following advancements:



1. Women are the new breadwinners.

In more than 40 percent of American households, women are the primary breadwinners, which is an almost four-fold increase since 1960, according to a March 2015 BMO Report *Financial Concerns of Women*.³ The same investment strategies and relationship-building tactics we used in 1960 may no longer be as effective. Providing advice to the traditional “alpha-male” stereotype is no longer relevant and can lead to poor investment decisions. The expanded role women play in managing the household finances needs to be taken into consideration.

2. Retirement planning is not one-size-fit-all.

The reality is that female employees still earn less than their male counterparts. According to the March 2019 Pew Research article,⁴ “The Narrowing, but Persistent, Gender Gap in Pay,” women earn just 83 percent of what men earn.

Compounded over the course of a career, that can mean a big difference in the size of a 401(k). Women also tend to live longer than men⁵ and are more likely than men to take time out of the workforce to care for children.⁶ These factors mean that more conservative estimates may need to be factored into a woman's retirement planning.

3. Women are becoming more entrepreneurial.

The increase in female business owners is great for the economy, but entrepreneurs are so busy reinvesting most of their cash in their businesses, they sometimes don't save properly for retirement. Not sufficiently funding retirement savings can be risky. With more and more female entrepreneurs starting their own businesses, the concern around women outliving their savings is amplified.

4. Women lack confidence about investing.

According to a February 2015 article, "An Investment Challenge More Women Need to Confront," research indicates that 50 percent of women believe that men fare better at investing, however just 25 percent think men are actually

more skilled at investing.⁷ Also, women tend to be more risk averse in both investing and at work, so guidance from an advisor could be helpful in mapping out an investment strategy.

5. Women are interested in investment guidance.

Women may lack financial knowledge and experience and don't know where to turn for guidance, which gives them a lack of confidence in investing, according to a February 2015 Fidelity Investment "Money Fit Women Study."⁸ Help from a trusted advisor could give them the direction they need to learn more about investing.

To learn more about how Mainer Wealth Advisors can help you become more prepared for your financial future, please contact us.

¹ <https://www.bmo.com/privatebank/pdf/Q1-2015-Wealth-Institute-Report-Financial-Concerns-of-Women.pdf>

² <https://institutional.vanguard.com/iam/pdf/GENDRESP.pdf>

³ <https://www.bmo.com/privatebank/pdf/Q1-2015-Wealth-Institute-Report-Financial-Concerns-of-Women.pdf>

⁴ <https://www.pewresearch.org/fact-tank/2019/03/22/gender-pay-gap-facts/>

⁵ <https://www.scientificamerican.com/article/why-is-life-expectancy-lo/?redirect=1>

⁶ <https://www.pewresearch.org/fact-tank/2015/10/01/women-more-than-men-adjust-their-careers-for-family-life/>

⁷ <https://www.cnbc.com/2015/02/11/an-investment-challenge-more-women-need-to-confront.html?view=story&%24DEVICE%24=native-android-tablet>

⁸ https://www.fidelity.com/bin-public/060_www_fidelity_com/documents/women-fit-money-study.pdf

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