



# Financial Experience & Behaviors Among Women

2010–2011 Prudential Research Study

TENTH ANNIVERSARY  
EDITION

10<sup>th</sup>

A report prepared by Prudential Research  
0182849-00001-00



Prudential

## Acknowledgment

### A Decade of Progress

Many lessons are coming out of the financial crisis, but one seems to stand out from the rest: The need for active financial planning has never been greater. And women are heeding the call.

For 10 years, we've been studying women's financial experience and behaviors. Why? Because women are key decision-makers and caregivers in their households. We've seen steady progress in women becoming more aware, engaged, and actively involved in their finances. According to this year's study, 95 percent of women are financial decision-makers, and 84 percent of married women are either solely or jointly responsible for household financial decisions. In fact, they are often the primary decision-maker about finances. The decisions they make are at the heart of determining their long-term financial security, as well as that of their families.

Women are optimistic about the nation's economic recovery and have some degree of confidence they will achieve their financial goals, although they recognize they may need to work longer than anticipated. Although many women still do not have financial plans in place to achieve their goals, events of the last two years have clearly been a learning experience. Women are planning to exercise greater caution and control over their finances as they look to the future.

On this 10th anniversary of Prudential's landmark study on the *Financial Experience & Behaviors Among Women*, we celebrate a decade of progress and empowerment. While gaps in knowledge and confidence remain, women recognize these challenges and are focused on achieving financial success. The financial services industry will need to continue to evolve to meet women's changing needs, and to support their financial education. We aim to be at the forefront of these changes, and remain committed to inspiring confidence in women and supporting them on their financial journey.

Learn more. Visit [www.prudential.com/women](http://www.prudential.com/women)



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# About the Study

## Tenth Anniversary Study

This study, *Financial Experience & Behaviors Among Women*, looks at the current landscape of women's financial security and preparedness, and identifies the progress women have made as well as some of the challenges they continue to face in achieving their financial goals.

The study was launched in 2000, and since then has been updated every two years.

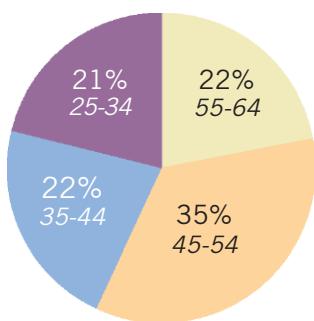
## Methodology

This year, the Prudential Financial study on the *Financial Experience & Behaviors Among Women* polled 1,250 American women about their financial knowledge, actions taken, and confidence in attaining their financial goals. The survey was administered from Feb. 10-26, 2010. The margin of error is  $\pm 2.9\%$  at a 95% confidence level.

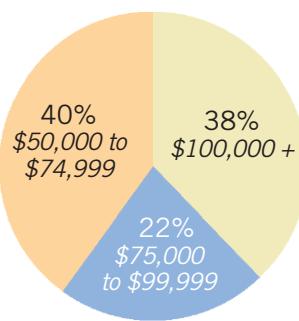
Respondents are panelists in the Harris Interactive Poll Online. Study participants were a national sample of female sole and joint heads of households between the ages of 25 and 64, with a 2009 household income of \$50,000 or more.

## 2010 Women Respondents

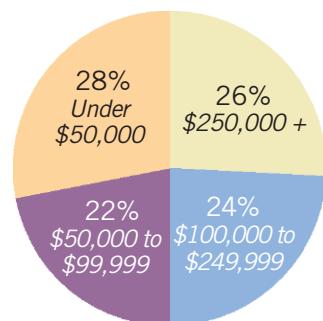
Age



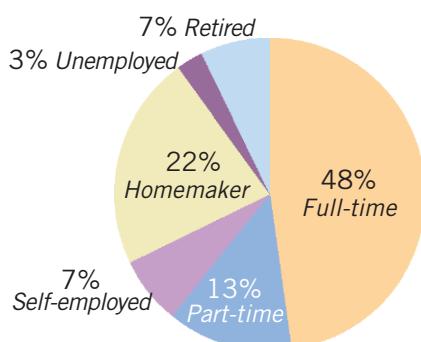
Household Income



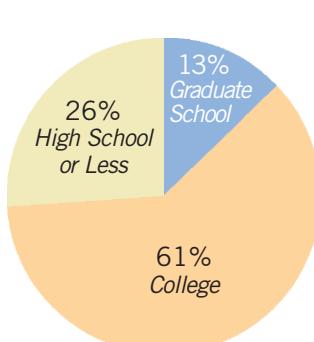
Investable Assets



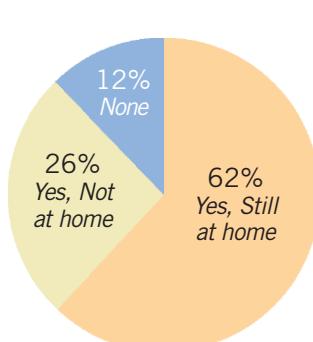
Employment Status



Education



Children



## Overview

The 10th anniversary edition of Prudential's *Financial Experience & Behaviors Among Women* shares some common themes with earlier waves of the study, and also reveals some interesting new trends and opportunities, including:

- Women are more involved than ever in their households' investment and financial decision-making.
- The economic crisis has heightened women's recognition of the need to develop a financial plan that will meet long-term financial goals.
- Women are not confident about making financial decisions, and do not fully understand many of the increasingly sophisticated financial products that are available.
- However, women are optimistic about the future and have a strong desire for financial education and guidance.

**Although most financial decisions are a shared responsibility, one-quarter of women surveyed are the primary financial decision-makers in their households.**

- Nearly seven in 10 of those surveyed are employed, and nearly three-fourths have college degrees or higher, with savings and assets of \$100K or more.
- A full 95% indicate that they are directly involved in their households' financial decision-making; 25% are the primary decision-makers. Eighty-four percent of married women say they are involved in financial and retirement planning and, of these, 15% have sole responsibility.

**Despite the financial setbacks of the economic crisis and concern about continued volatility, more than half remain optimistic about the country's economic recovery.**

- This optimism is also reflected in women's evaluation of their own circumstances.
- Although a majority of women (55%) now believe that they will need to work longer than they expected, and, as a result, postpone their retirement, three-fourths believe that they are financially on track to meet their long-term goals, or are well-positioned to catch up.

**Many women still lack confidence in their ability to make sound financial decisions, and lack knowledge about sophisticated financial products.**

- Fewer than two in 10 women feel "very prepared" to make wise financial decisions. Half indicate that they "need some help," and one-third feel that they "need a lot of help."
- Nearly nine in 10 of those who are looking for a lot of help need guidance on how to choose financial products that meet their needs. They say their knowledge of annuities, mutual funds, and individual securities is limited.

**Just one-third of women have a detailed financial plan in place, and, among the youngest segment (ages 25-34), just one in 10 has a financial plan in place.**

- Barriers to developing a detailed financial plan include lack of time, the pull to meet shorter-term financial obligations, lack of knowledge, and for many, an unmet desire for assistance and help.

**More than half of those surveyed are very willing to have retirement planning decisions made by others.**

- This wish is often complicated by a lack of trust, as only 19% are very comfortable letting a financial professional lead their financial planning.
- Over six in 10 rely on family and friends, rather than financial professionals, for investment information.
- Yet those who currently use financial advisors are more likely to feel that they are financially on track than those who go it alone.

**The financial crisis created a wake-up call. The need for a trusted financial partner has never been greater.**

- Women are looking for help in preparing for a secure future.
- Financial firms and advisors must redouble their efforts to build trust, and be prepared to address sensitive family issues such as the need for assisted living care.

# During the Last Decade, Women Have Become More Involved in Financial Issues

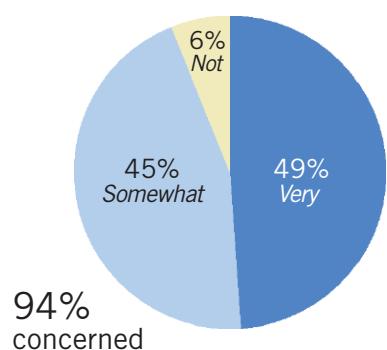
## There is Optimism

While women remain concerned about the economy and market volatility, they are optimistic about the economic outlook. They are realistic that they may have to retire later than planned, although many unrealistically believe that they can rely on Social Security to meet their retirement needs.

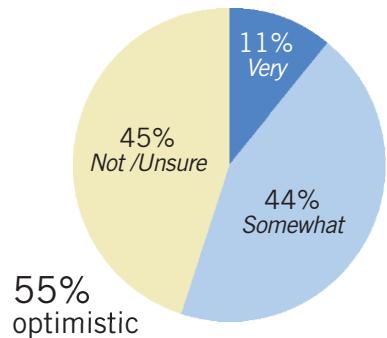
While women understand the importance of preparing for the future, few have a financial plan in place to do so.

## Impact of Market Crisis

Concern about U.S. economic volatility



Optimistic outlook about economic recovery



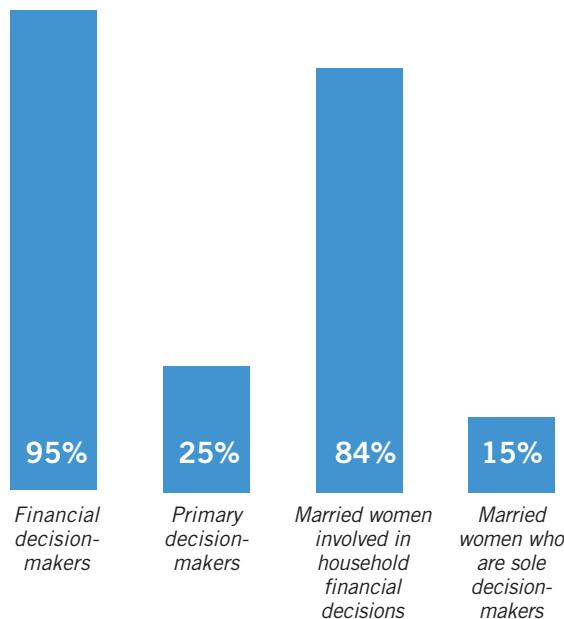
## Women are Decision-Makers

Survey respondents are highly educated, typically employed, and three-fourths have savings and assets of \$100K or more. Among the total population, 95% of women are involved in financial decision-making in their households, and one-fourth are the primary decision-makers.

Married women play a key role in the financial decisions of their households as well. While most decisions are made jointly, 84% say they are involved in their household's financial decisions. Fifteen percent of married women have sole responsibility for these decisions.

## Key Characteristics of Women Today\*

68%	Employed
74%	Education College +
74%	Savings and Assets \$100,000 +



\*Base: Household income of \$50,000 or more.

# Those Who are Financially Prepared are Most on Track

## Financial Confidence is Based on Knowledge

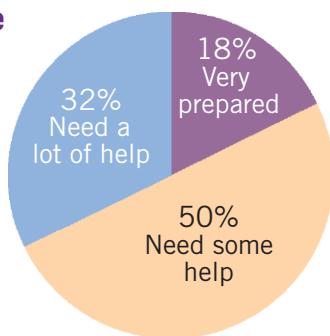
Very few women feel “very prepared” to make wise financial decisions. The most prepared women are the most on track to reach their retirement goals, protect their assets, and generate future income.

This “very prepared” group is also most likely to have an advisor (53%) and to understand complex financial products like annuities (68%).

Half of the women surveyed say they “need some help.” These women are on the right track and know how to protect their investments from losses (65%). Many in this group use a financial advisor. More than a quarter of this group feel they aren’t saving enough for retirement.

### Prepared to Make Wise Financial Decisions

(All respondents)



## One-Third of Women “Need a Lot of Help”

Nearly a third of women surveyed think they need a lot of help. They are the least likely to have an established advisor relationship; most (86%) do not know how to choose financial products.

Few women (29%) in this group have a financial advisor. Yet 62% have investable assets greater than \$50,000 and half have household incomes of more than \$75,000.

## Know How to Choose Financial Products That Meet My Needs (Women who need a lot of help)

Yes	14%
No	56%
Unsure	30%
	86%

## Percent agree with each statement by segment based on level of preparedness

	Total	Very prepared	Need some help	Need a lot of help
Enough savings for comfortable retirement	70	88	74	53
Generate retirement income	68	87	71	55
Protect investments from losses	64	81	65	53
Trust the decisions made about savings and retirement	62	77	66	46
Understand annuities	47	68	50	31
Established advisor relationship	42	53	47	29

# Financial Priorities are Clear; Confidence in Achieving Them is Mixed

## Financial Goals are Very Important

Planning for a comfortable retirement and providing for their families' future well-being are paramount for women. Accumulating assets has always been important; now, however, protecting that wealth and generating retirement income have emerged as critical objectives as well.

Women generally say that insurance goals are just as important as retirement goals. They know life insurance can help protect family and provide financial security, but have less knowledge about long-term care insurance.

Providing college tuition for children has increased in importance over time, with 44% now considering it

very important vs. 23% in 2004. Yet women's confidence in their ability to do so has declined (from 26% in 2006 to 21% today) as college costs continue to skyrocket.

## Confidence is Mixed

In this economy, people find it hard to be "very confident" about achieving financial goals, and it is no different with women. Many women are somewhat confident about meeting their financial needs, but very few are very confident.

Women approaching retirement (ages 55-64) are no more likely to feel "very confident" than younger segments.

## Importance of and confidence in achieving financial goals



### Retirement

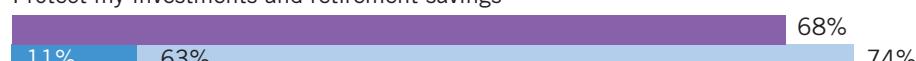
Have enough money to maintain lifestyle in retirement



Don't outlive or fully spend all of my savings



Protect my investments and retirement savings



Generate stream of income in retirement



### Insurance

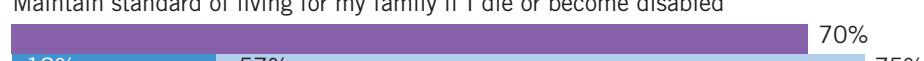
Not become a financial burden to loved ones



Be financially secure if I outlive my spouse



Maintain standard of living for my family if I die or become disabled



Secure assisted living, nursing home care, if needed



## Confidence Gap

**Women  
Ages 55-64**  
% Very % Not

18	22
33	15
19	23
27	16

17	28
18	22
23	27
19	34

# When the Going Gets Tough, Women Get Going

## The Market Crisis Was a Wake-up Call

The economic and financial turmoil led women to reassess their financial outlook. More than 75% now plan to either work longer (56%) or wonder if they will be able to retire on time (20%). The market plunge led many women (57%) to become more cautious with their money. This sentiment is especially strong for women approaching retirement. These women recognize that they have less of a chance to recover from market losses, combined with a more limited savings horizon.

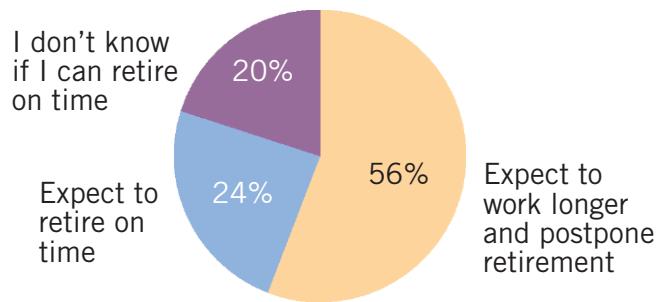
The market crisis changed people's lives and retirement plans. Rebuilding financial strength now is the key to future well-being.

## Caution and Insight are More Important

The silver lining is that many women plan to take more care with respect to financial decisions, and to evaluate and select investments more wisely. Almost half plan to take more control of their finances, including increasing savings.

Nearly four in 10 are actively trying to learn more about key financial products.

The crisis has been especially jarring for those closer to retirement, many of whom now have to deal with revised expectations and retirement shortfalls as they get back on track.



## Influence of the Market Crisis on Financial Attitudes and Behaviors

	Women by Age				
	Total	25-34	35-44	45-54	55-64
Percent Agree					

Lately, I'm spending based on need, not want	65	62	61	70	65
Market crisis was a wake-up call to be more money cautious	57	49	49	65	62
I have confidence in my ability to protect my assets and be successful	53	52	52	53	56
I'm more careful evaluating and selecting investments	47	42	43	51	49
I am confident I will recover my market losses	45	59	45	42	36
More than ever, I want to take control of my financial situation	45	48	48	44	40
I'm saving more than before the market crisis	37	44	30	42	28
I'm trying to learn more about life insurance, investments and retirement products	36	32	32	39	38

# Increasing Financial Knowledge Will Shift the “Balance of Power”

## Women are More Knowledgeable About Retirement and Insurance Basics

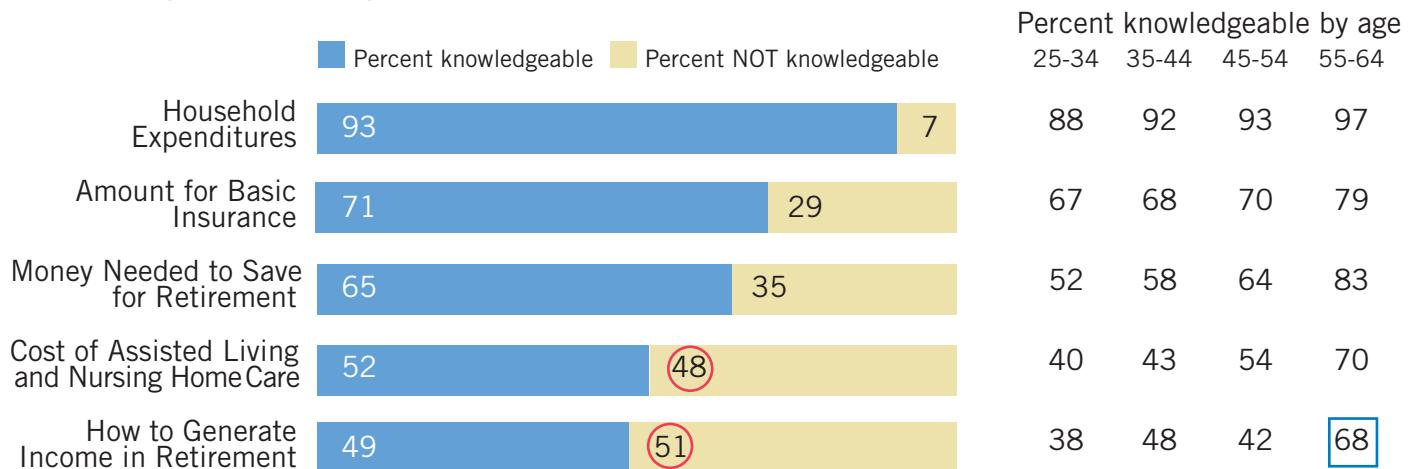
Though expert in managing day-to-day expenses and knowledgeable about insurance and the need to save for retirement, women are less knowledgeable about long-term care costs and generating retirement income. As women get older, this knowledge gap closes.

## More Attention to Retirement Security is Needed

However, more knowledge is required to assure a successful and comfortable retirement. Protection against the high costs of assisted living and nursing home care seems a distant worry to many. Yet, these expenses can have a devastating effect on retirement savings and estate planning.

Women rightly focus on retirement savings, but many near-retirees will soon need to learn how to replace their work paycheck with a paycheck from those savings. Half (51%) need to gain an understanding of how to do this.

## Knowledge levels for key financial issues



## Financial Products Have Evolved Considerably; Education is Needed

### Some Products are Well-Understood and Utilized ...

Women today own and understand savings accounts, life insurance, workplace retirement plans and IRAs. In fact, 72% of women cite the importance of workplace retirement plans, up from 47% in 2004.

The challenge is to ensure retirement plan coverage and contribution levels are sufficient to meet financial needs now and in the future.

### ... Others are Not

Mutual funds, annuities, and long-term care insurance are certainly not new products, but they remain a bit of a mystery to many. Although such products can help women achieve their financial goals, women's lack of knowledge about these products may impact their ability to achieve these goals later on.

### Ownership and Understanding of Financial Products

	Own	Do Not Understand
Savings Account	82	5
Life Insurance	77	16
Workplace Retirement	67	19
Individual Retirement (IRA)	52	25
Individual Stocks and Bonds	37	38
Mutual Funds	34	43
Estate Plan, Will	31	33
Annuity	16	53
Long-Term Care Insurance	15	36

# Many Women are Behind in Retirement Preparedness

## One-third Ahead or on Track; Others Need to Catch up

The good news is that over one-third of women feel they are ahead or on track with retirement saving and planning. These women are likely to have an advisor and demonstrate a reasonably strong understanding of annuities, mutual funds, and how to generate retirement income.

Challenges remain, however, for the two-thirds of women surveyed who are behind in their retirement savings.

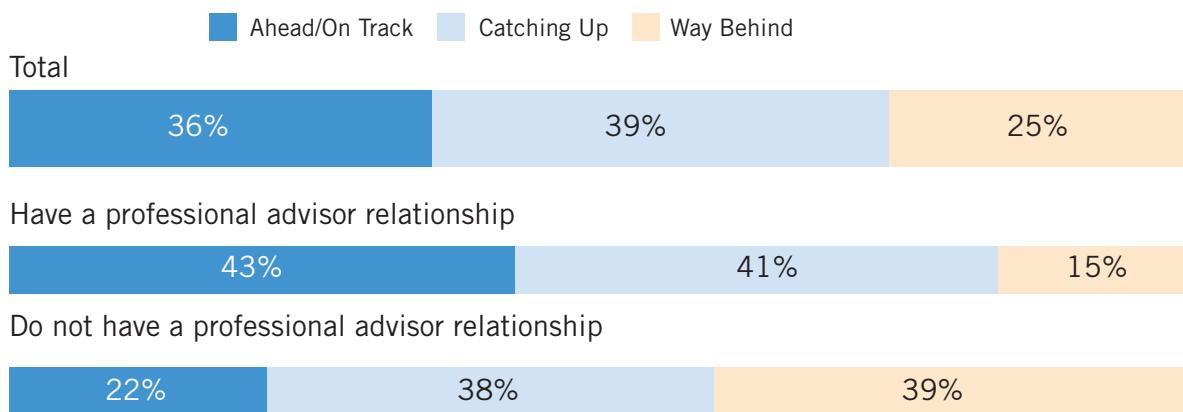
Many (39%) say they need to “catch up” and another 25% say they are “way behind.” But with careful and targeted planning right now, they have the opportunity to improve their situation.

## “Way Behind” Segment has an Uphill Battle

One-quarter of women are way behind schedule in planning and saving for retirement. Many (40%) are getting closer to retirement and 28% have household incomes of more than \$100,000.

Most of the women who are “way behind” feel they are not equipped to make financial decisions and expect to have to work beyond their intended retirement date. Women in this group feel they have too much debt and are spending on what they need and not what they want. Most do not have a formal financial plan or a financial advisor.

## Preparation and Progress in Planning and Saving for Retirement



## Among Women “Way Behind” Schedule on Retirement Plan and Progress

65% Do not have a financial advisor	73% Very important to reduce personal debt
63% Do not understand annuities	70% Spending on need, not want
56% Do not understand mutual funds	48% Family needs to sacrifice
40% Age 50 or more	21% Have formal retirement plan
28% Household income \$100,000 or more	7% Strongly agree — I trust my retirement decisions

## Women are Talking ... But Do They Have a Plan?

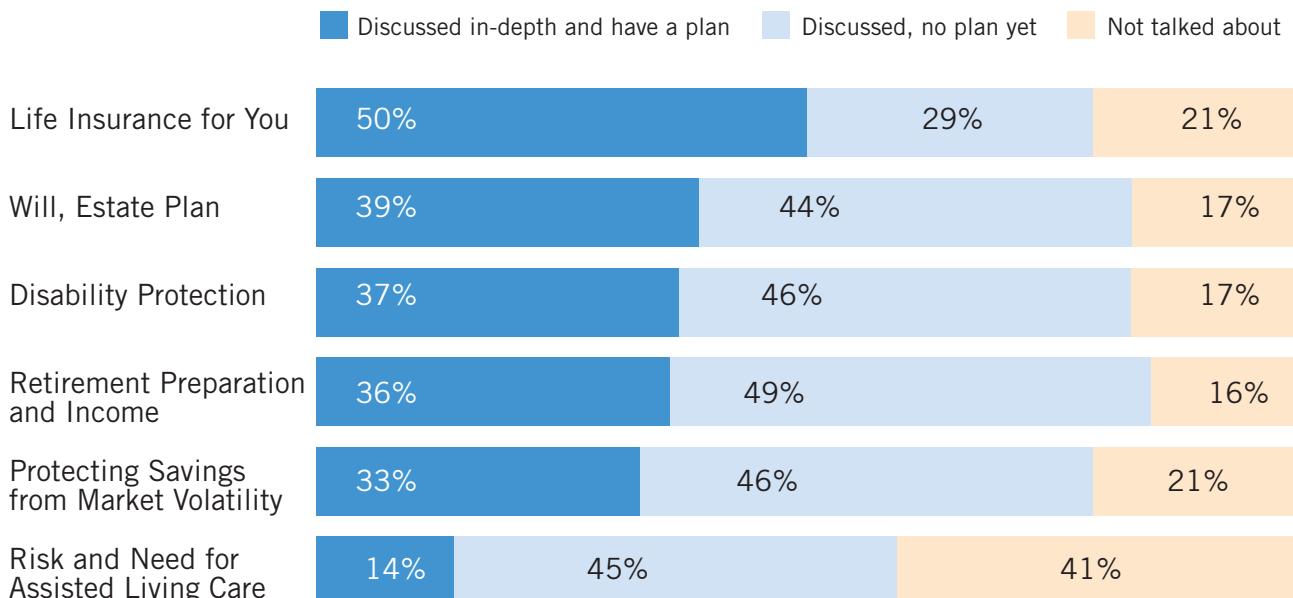
### Conversations are Happening

For the most part, women are talking about financial issues. However, many of these conversations are with friends and family members, not financial professionals.

### What About a Plan?

Though these are valuable conversations—considering needs and discussing options—they are not leading to the creation of the financial plans women need to secure their future. In fact, just one-third of women have a detailed plan, and only one in 10 of the youngest segment surveyed (25-34) has one.

### Financial Goals Discussed with Spouse or Advisor



# A Lifetime of Financial Security is not a DIY Project

## The Need for Professional Assistance is Recognized

Financial independence is not one size fits all.

Many women believed they could manage their finances alone, but now realize a lack of proper assistance caused them to lose ground (75%) during the crisis.

One in three women with an existing advisory relationship is now open to working with a new or additional advisor. Younger women are far less likely to use a financial professional than older women.

## Effect of the market crisis

75% Lost some, a lot of ground

## What is (very) important for financial relationships going forward?

75% Company financial strength  
60% High-quality products  
57% Efficient service  
46% Best value, cost  
45% Website quality

## Most important source of financial education and advice

35% Financial advisor

## First Step is to Find Trustworthy Partners

Most women (70%) who do not have a financial professional agree they want to get advice, but can't find someone they trust.

In seeking help, women say they will judge an advisory relationship on the financial strength of the company issuing the products, the quality of those products and the level of service.

Women want to obtain sound advice as well as increase their knowledge base. That means advisors need to be educators, partners and helpers.

## Sources of information to make investment product decisions

64% Family, spouse  
62% Printed materials  
42% Internet  
42% Provider (Employer plan) website  
34% Co-workers  
30% Seminars, meetings  
29% Financial advisor

## Those with an advisory relationship open to working with a new or additional advisor

35% Yes

# Seeking Out Help and Solutions is Smart. Monitoring Progress, Understanding Issues is Required.

## Get the Help You Need

Women are looking for solutions that make financial choices and planning easier. They are comfortable setting their own financial goals, yet over half (54%) are “very” comfortable letting another take the “lead” to do the planning, research, and analysis regarding which product solutions would best meet these goals.

Women are willing to outsource some of this work to those they trust to help them make smart decisions.

Workplace plans and government policy can be critical elements to success, for example, by providing access to plans that “automate” decisions like enrolling, contributing adequately and investing appropriately. Younger women are looking to these channels for help “getting started” in the right direction.

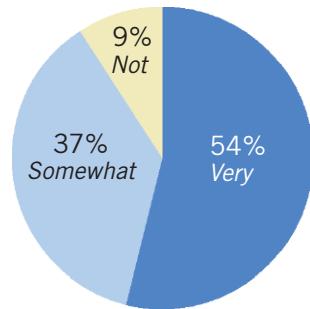
## Seek Many Sources of Advice

Three-quarters would rely on their spouse or partner as a critical source of input and guidance.

Many women (59%) are open to the idea of letting an advisor lead their financial planning. Women believe getting the help of a professional can be a critical step in achieving financial security. Yet only 19% are “very” comfortable letting an advisor take the lead.

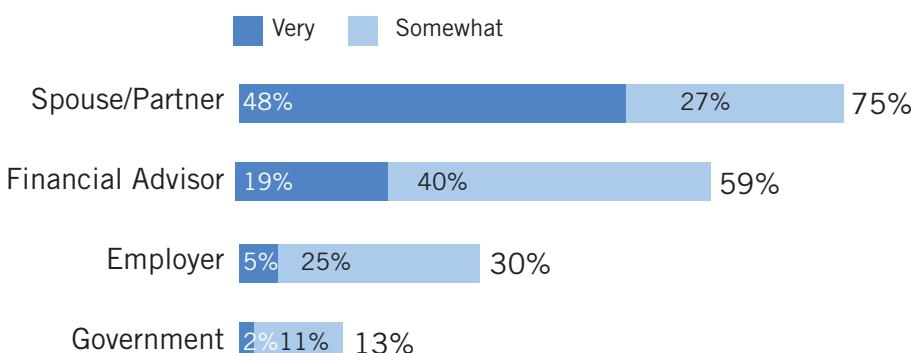
Clearly, financial professionals and firms need to build trust and deliver the value clients require to be successful going forward.

**Willing to have  
retirement savings  
planning, research,  
and analysis led  
by others**



## Comfort—Letting Another Lead Financial Planning

### Let Others Lead—Comfortable



### Women Comfortable by Age

Age Group	25-34	35-44	45-54	55-64
Spouse/Partner	84	79	74	63
Financial Advisor	64	57	57	61
Employer	41	34	28	23
Government	21	13	11	9

# Setting and Achieving Your Financial Goals

Given the importance of goal-setting and making a plan to achieve financial success, consider the following steps to begin the planning process. Remember that goals change as your life changes, and that it is never too early or too late to take steps to improve your financial future.

## Getting Started

1. Make your long-term financial health a priority.
2. Make a detailed list of your assets (including all accounts and beneficiaries) as well as your debts and obligations. Consider available online tools to help you with this step.
3. Make a list of your financial goals, and the timeframe for reaching each one. The chart at the side of the page can help you get started.
4. While outlining assets, liabilities, financial goals, and timeframes is a big step, you still need to develop a formal written plan for getting there. Focus on retirement, but plan for all of your major goals.

## Talk to People You Trust

5. Decide whether you are most comfortable saving and investing on your own, would like to work collaboratively with an advisor, or would prefer to turn the financial planning and asset management over to a financial professional more fully.
6. Once you have decided what level of advice is right for you, identify professionals who will work with your preferences. Seek out referrals for advisors from those you trust and whose situations are similar to your own, and interview at least three.
7. Work with your financial advisor to research and find products to help meet your goals.
8. Compare the costs of products and services with the value they deliver. Achieving the greatest value, not necessarily lowest cost, is the goal.
9. At least quarterly, update and track your progress. Make adjustments as needed.
10. Work with people you trust—those who will help you make the right level of progress, and inspire confidence that you are on track to a successful future.

## Financial Goals Worksheet

### Retirement Savings

- Level of savings/protection needed
- Target date for achieving goal
- Do you have a plan?
- Have you started saving?
- What products do you have or need?
- Are you on track?

### Protection

(life, disability, and long-term care insurance)

- Level of savings/protection needed
- Target date for achieving goal
- Do you have a plan?
- Have you started contributing?
- What products do you have or need?
- Are you on track?

### Education

- Level of savings/protection needed
- Target date for achieving goal
- Do you have a plan?
- Have you started saving?
- What products do you have or need?
- Are you on track?

### Retirement Income

- Level of savings/protection needed
- Target date for achieving goal
- Do you have a plan?
- Have you started saving?
- What products do you have or need?
- Are you on track?

### Other

- Level of savings/protection needed
- Target date for achieving goal
- Do you have a plan?
- Have you started saving?
- What products do you have or need?
- Are you on track?



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