



FINANCIAL EXPERIENCE & BEHAVIORS AMONG WOMEN

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Prudential

2014-2015 Prudential Research Study

Foreword

Our eighth biennial study on the *Financial Experience & Behaviors Among Women* uncovers optimism about recovering markets and encouraging short-term improvements, but troubling long-term trends.

With the economy and financial markets continuing to improve, women appear to be less worried about their financial security than they were in the immediate aftermath of the 2008 financial crisis.

Women still have a number of identifiable financial goals, of course. High on their list: having enough money to maintain their lifestyle throughout retirement, to cover health care expenses and to reduce personal debt. They also don't want to become a financial burden to loved ones or outlive their savings. And they define financial success as achieving a comfortable, financially secure retirement. The difference is simply that they no longer attach as high a degree of importance to these goals as they did a few years ago.

Nonetheless, women we surveyed feel no more prepared to make wise financial decisions today than they did two years ago or even a decade ago. Nor has their understanding of financial and insurance products improved. Not surprisingly, the Confidence Gap—our measure of women's confidence in their ability to achieve their financial goals—has not improved over that 10-year span, either.

Despite these findings, women—like men—still do not tend to seek out financial professionals to help them achieve their goals. This is particularly concerning

given that women increasingly are making the financial decisions in their households. Nearly half of women—44%—are the primary breadwinners in their households, and 27% of married women now say they “take control” of financial and retirement planning and manage it themselves, up from 14% in 2006.

One of the biggest perceived impediments to reaching financial goals is not having enough disposable income to dedicate toward them, cited by about half of women. But they also admit to a lack of familiarity with financial products and the sense that they simply don't know what to consider when evaluating their options.

While the survey paints a troubling picture of their long-term financial preparedness, the results indicate that women are more confident in their ability to manage day-to-day finances. And they have advice for financial services firms about how to help them achieve their long-term financial goals: simplify the process, stop using so much jargon, look out for the customer's interests, and maintain a strong code of ethics.

At Prudential, we remain steadfast in our commitment to improve women's financial literacy, and to develop innovative tools and resources to help them create a clear path toward a more secure retirement.

Our latest study reinforces that there will always be more for us to learn about women's financial insecurities and long-term goals. Our 14 years of dedicated research have given us the foundation and framework necessary to empower women to take control and secure their future.



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Summary

Five years into the financial recovery, women appear to be feeling more financially secure.

Women continue to pursue a diverse range of long-term financial goals. They want to save enough money to maintain their lifestyle through retirement, cover health care expenses and avoid becoming a financial burden to loved ones. But as the 2008 financial crisis fades further into the rearview mirror, our study indicates that they no longer attach as much importance to those goals as they did a few years ago.

The financial crisis did not prompt most women surveyed to seek financial help, although many took more responsibility for financial planning.

Fewer women respondents are making use of financial professionals who could help them achieve their financial goals, even as more women take responsibility for managing household wealth. By default, single women have almost always assumed primary responsibility for overseeing their own finances. But this year 27% of married women say they “take control” of financial and retirement planning and do it themselves, up from 14% in 2006. Women remain important generators of income; although down a bit from our last survey, 44% are the primary breadwinners in their household.

Women’s confidence in meeting long-term and retirement goals wavers.

Despite a reduced sense of urgency about their financial goals, women’s feelings about how confident they are to meet those goals have remained static over the past decade: 20% feel very prepared now, versus 21% then. And only 33% of respondents feel they are on track or ahead of schedule in planning and saving for retirement, down from 46% in 2008—but up from 24% in 2012.

Women are more confident of meeting short-term goals.

Women say they are more confident in their ability to manage day-to-day finances than they are in planning for and meeting long-term financial goals.

Health care and college costs: a growing concern.

This wave of our research finds that women are less confident they will be able to secure long-term health care for retirement, and less sure they will be able to fund their children’s college tuition.

Impediments to long-term financial success: money, time, jargon, direction.

Women say one of the biggest impediments to reaching their financial goals is not having enough disposable income to put toward them; 31% cite it as their top financial planning hurdle. They also feel they lack time to spend on financial planning. Many women also admit to a lack of familiarity with financial products and the industry jargon used to describe them, and a sense that they simply don’t know what to consider when evaluating the financial options available to them.

What women want from the financial services industry: simplicity, good intentions, strong ethics.

Women have clear advice for financial services firms that would like to help them achieve their long-term financial goals. Simplify the process, they say. Stop using so much financial jargon, look out for the customer’s interests and adhere to a strong code of ethics.

The recovery has women less worried about long-term financial goals...

Women are assigning less importance to long-term financial goals, suggesting they feel more financially secure. Women have been placing less urgency on the long-term financial goals tracked by this study since 2010, when the wounds of the 2008 financial crisis were still fresh. Those worried about protecting investments from volatility have shrunk the most, to 75% from 94%. In fact, 2010 now looks to have been an inflection point in women's sensitivity to financial issues. (See Figure 1)

Top long-term goals relate to retirement, health care and debt. Women's top long-term financial goals include having enough money to maintain their lifestyle in retirement and not becoming a financial burden to their loved ones. A third major goal, having enough money to pay for health care costs, goes hand-in-hand with the first two.

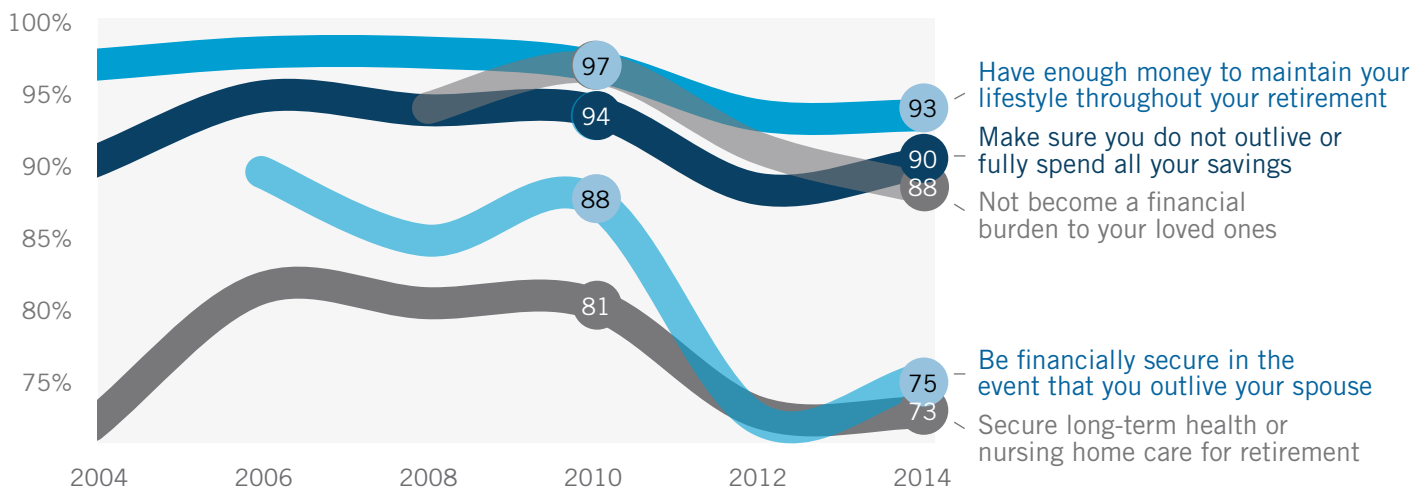
Of all financial goals, the most important for women surveyed is having enough money to maintain their lifestyle throughout retirement.

Women define financial success as a financially secure retirement. More women identify a comfortable and financially secure retirement as the definition of financial success than any other metric. However, women who are the primary breadwinners in their household are most likely to think about financial success beyond the day-to-day financial concerns that all women have. In addition to a comfortable and secure retirement, they value being able to provide for others and having a financial cushion. By contrast, unmarried women surveyed are most likely to define financial success as increasing wealth and being financially independent.

Confidence in achieving financial success varies by breadwinner and marital status. The study found that married women who contribute to their household income, but are not the primary breadwinner, are the most confident they will meet their long-term financial goals and the most likely to consider themselves on track or ahead of schedule with planning and saving for retirement (38% versus 32% for married primary breadwinners). By contrast, married non-working women are least likely to consider themselves on track or ahead of schedule with planning and saving for retirement (22%). Divorced or widowed women (51%) and single women (44%) are most likely to consider themselves behind the curve in planning and saving for retirement.

Financial goals have stabilized since 2010 (Figure 1)

Percentage of women who say goal is "very/somewhat important"



...but no more prepared to achieve them

Despite feeling more financially secure, few women feel better prepared to make smart financial decisions.

Despite the lessons of the 2008 financial crisis, women feel no better prepared to make wise financial decisions today than they did a decade ago. Only 21% felt very well prepared then; just 20% now.

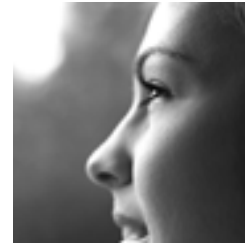
Women profess a fair understanding of financial products.

The percentage of women surveyed who understand basic financial products is fairly high: 92% claim to understand savings accounts somewhat or very well. Eighty percent feel the same about health insurance and 74% about life insurance. Beyond that, understanding is spotty; 61% claim a somewhat or very good understanding of workplace retirement plans, for example, but only 38% say the same for mutual funds and 31% for annuities.

Understanding of financial products correlates to usage.

Understanding of financial products tends to correlate with usage; lower understanding of mutual funds and annuities is matched by lower use of those products by women. But it isn't only those products that are unfamiliar to a significant segment of the women's community. About one-quarter of single, divorced and widowed women are underbanked, with no savings and/or checking account in their own name. Even among married women, few respondents say they have sole ownership of a financial product unless there are other similar products in the household owned jointly or by their partner. The key exception is health insurance purchased through an employer, where one partner—not infrequently the woman—tends to take the lead on ownership.

Hurdles: money, time, direction. More than a third of women surveyed (36%) who say they aren't prepared to make wise financial decisions contend they aren't even sure what they need to consider when evaluating their options. About the same number also say they wish they had more time to spend on financial planning (32%). Separately, 31% of women say the biggest impediment to planning for financial goals is simply not having enough disposable income to put toward them.



Only 33% of women surveyed feel they are on track or ahead of schedule in planning or saving for retirement, down from 46% in 2008—but up from 24% in 2012.



The confidence gap remains static

Confidence in meeting financial goals is little changed from a decade ago. Given women's concerns about how well they understand financial products and how prepared they are to make wise financial decisions, it is not surprising that the confidence gap—the difference between the percentage of women ranking long-term financial goals as very important and the percentage who feel very confident about achieving those goals—has remained fairly static over the past decade. This year, 75% of women surveyed say having enough money to maintain their lifestyle throughout retirement is very important, but only 14% are very confident they will meet that goal—a confidence gap of -61. That is virtually unchanged from 10 years ago, when the gap was -62.

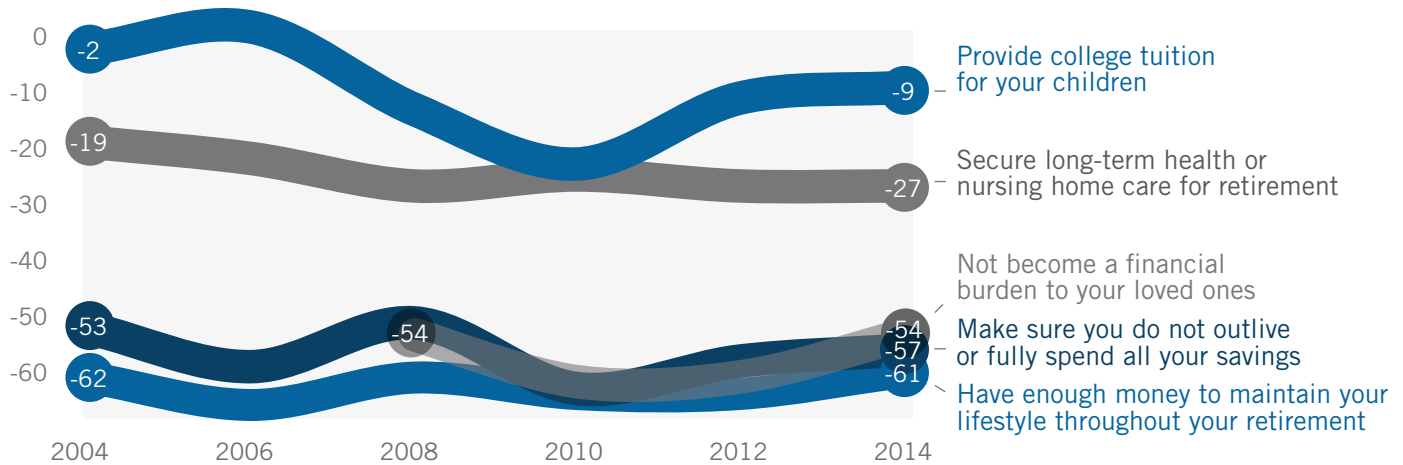
However, health care and college costs are a growing concern. There are two notable exceptions to this trend. Women are less confident that they will be able to secure long-term health or nursing home care for retirement; that gap has widened to -27 from -19 over the past decade. They also are less sure they will be able to fund college tuition for their children; that gap has widened to -9 from -2. These anomalies make intuitive sense, as education and health care costs have continued to rise faster than the rate of inflation.



Women surveyed are concerned with being able to keep pace with rising health care costs. Two-thirds (66%) say it's a very important long-term goal, but only 9% are very confident they'll meet it.

Confidence gap has not closed over time (Figure 2)

Difference between the importance of goals and confidence in achieving those goals



Short-term finances: a better story

Women are confident in their knowledge of day-to-day finances. Although they admit to many challenges in trying to meet their long-term financial goals, women are reasonably confident in their knowledge of day-to-day financial matters. Most give themselves a grade of B or B- for their knowledge of managing money and debt. Married women are similarly confident in their know-how when it comes to more medium-term finances like buying and obtaining financing for a home and buying life insurance.

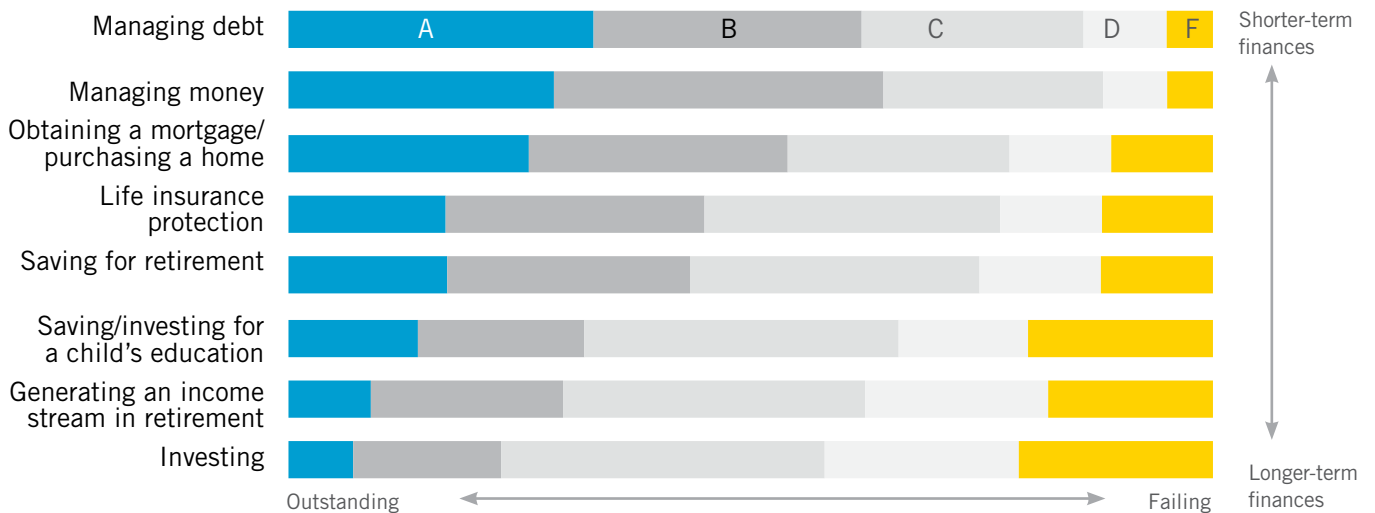
Women assign lower grades on longer-term financial issues. Women respondents generally assign themselves a grade of C for their knowledge about saving and investing for a child's education, generating an income stream in retirement, investing and, in the case of single and divorced or widowed women, saving for retirement.

Men see themselves as slightly more knowledgeable investors. Men give themselves similar marks, although they assess themselves half a grade higher (C+) on the topics of investing and generating an income stream in retirement.



Women respondents rank themselves highest on their knowledge of managing debt (33% give themselves an "A") and lowest on their knowledge about investing (just 7% get A's).

How women grade their knowledge about financial matters (Figure 3)



More women are taking control of financial planning...

More married women are charting the path to financial security. Women who are single, divorced or widowed have indicated they tend to oversee their financial future. But now 27% of married women surveyed say they, too, “take control” of financial and retirement planning and do it themselves, up from 14% in 2006. Among married women who are their family’s primary breadwinner, 65% say they take the lead role in financial and retirement planning. Even among married women who contribute half or less of household income, nearly 50% share equally in the responsibilities of financial and retirement planning.

Breadwinners: Women also continue to contribute heavily to household income. Nearly half (44%) of all women are the primary breadwinners in their households. While that is down from 53% in 2012, it may simply reflect, in part, a leveling off of income among spouses and partners as the economic recovery continues. The proportion of married women qualifying as primary breadwinners fell to 17% in 2014, down from 22% in 2012. But the proportion of married men qualifying as primary breadwinners fell to 61% from 72% over the same two-year period.

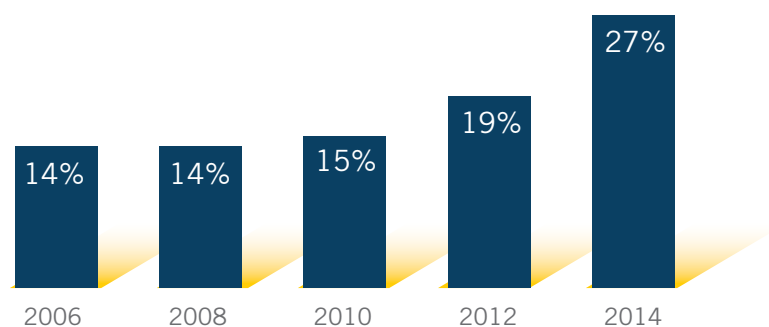
Women still collaborate on financial decisions, however.

When it comes to actually making financial decisions, many women shift into a shared role. On average, respondents are about 20% less likely to say they are the primary financial decision maker than the primary planner. The same dynamic exists with men, suggesting this is not a women’s issue but merely a reflection of the tendency for spouses and partners to confer on major financial decisions.

Eighteen percent of women surveyed say they would like to be more involved in financial decisions that affect them and their households. Only 2% would like to be less involved.

Married women are increasingly taking control of financial planning

(Figure 4)



...and fewer women are working with financial professionals

Advice can improve preparedness.

With many women feeling empowered to handle financial planning and decision making on their own—and feeling more financially secure—only 31% are now using a financial professional, down from 48% in 2008. However, more than half the women who use an advisor (53%) consider themselves on track or ahead of schedule in planning and saving for retirement, versus only 23% of those who do not use an advisor.

Women who use a financial professional are more than twice as likely as those who do not to consider themselves on track or ahead of schedule in planning for retirement.

Misperceptions—and technology—may prompt women to go it alone.

The trend away from using financial professionals may reflect advances in technology that have put financial information at consumers' fingertips—on computers, smartphones, tablets. But it also may reflect some misperceptions. The primary reasons women surveyed cite for not using a financial professional are that they don't have sufficient assets and that fees are too high. Millennials are especially sensitive to the first issue, with 25% saying they are not in the "right stage of life" to work with an advisor. Many financial services firms have leveraged technology to provide financial advice in new formats at affordable rates.

Boomers are significantly more likely to use a financial professional (45%) than Generation Xers (31%) or Millennials (15%).

Still, women researching financial products and services list advisors as a primary resource.

In fact, more women look to a financial professional (20%) than the next most highly favored resource, family and friends (17%), or even a spouse or partner (14%).

Women also turn to employer-sponsored resources for information.

More than a quarter of women (28%) say they rely on employer or employer-sponsored resources for information about financial or retirement products and services—including 9% who say those are their preferred sources for such information.

Women want less jargon, stronger ethics from financial services firms.

Only one in five women surveyed feel the financial services industry truly understands their needs—the same percentage as men. Financial services firms could do a better job of serving them, women say, by using less jargon, making it clear they are looking out for the customer's best interests and adhering to a strong code of ethics.



Internet and social media use on the rise

Women leverage technology to learn about financial products and services. While women tend to turn first to other people—financial professionals, family and friends, spouses and partners—for information about financial products and services, they also increasingly rely on the Internet and social media.

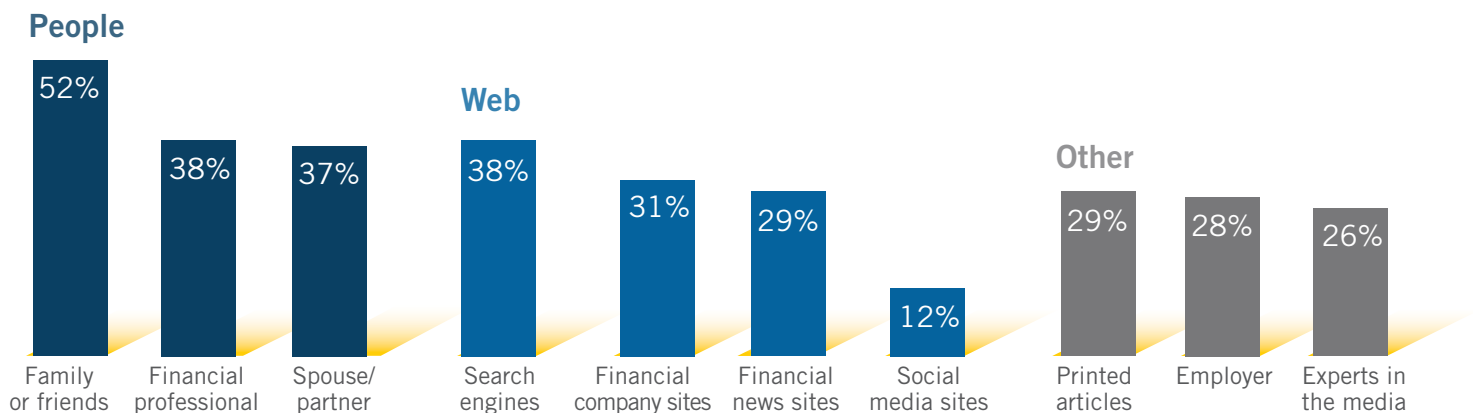
Nearly a third of women count financial company websites (31%) and financial news websites (29%) as tools for researching and learning about financial or retirement products and services, including insurance and investments. Nearly one in five (19%) use financial planning websites or apps, and 16% will take into account ratings or reviews on blogs and user groups.

Women are beginning to see social media as a research tool. Although most are still more of a social than a business phenomenon, social media sites have become a resource for women who want to know more about financial products and services, with 12% of women saying they use those sites for that purpose. When asked whether they would trust the most popular social networking sites to learn about financial issues or products, or to evaluate different financial companies, Facebook won the most votes, followed by LinkedIn, YouTube and Twitter—in that order.

Women are slower to tap social media to find financial professionals. Study results indicate women surveyed aren't quite as ready to turn to social media to find a financial professional as they are to find information about financial issues and products. When asked which sites they would trust as an educational tool, 72% said "none"—meaning more than a quarter would trust them. When asked which sites they would trust to develop a relationship with a financial professional, 83% ruled out all of the options. Those who would trust social media in their search for an advisor would likely turn first to LinkedIn (7%), followed by Facebook (6%) and then Twitter and YouTube (2% each).

More than one-third (34%) of Millennials surveyed say they use online personal financial management tools sometimes or often, versus 18% of Baby Boomers.

Where women are finding information (Figure 5)



Women vs. Men: more alike than different

Women’s and men’s financial attitudes are aligned.

Contrary to conventional wisdom, the study found that women and men do not differ greatly in most of their financial attitudes. They exhibit equal amounts of comfort and discomfort with their ability to make wise financial decisions, and most feel they need help in at least a few areas. (See Figure 6)

Men appear hungrier for financial information.

Nearly half (45%) of men surveyed seek out market and financial information a few times a month or more, versus 26% of women. Perhaps as a result, men also report a slightly higher knowledge of financial products and services. For example, 56% of men say they understand individual stocks and bonds somewhat or very well, versus 41% of women. Similarly, 67% of men say they understand IRAs versus 56% of women.

Women are more focused on long-term financial goals, including those relating to family.

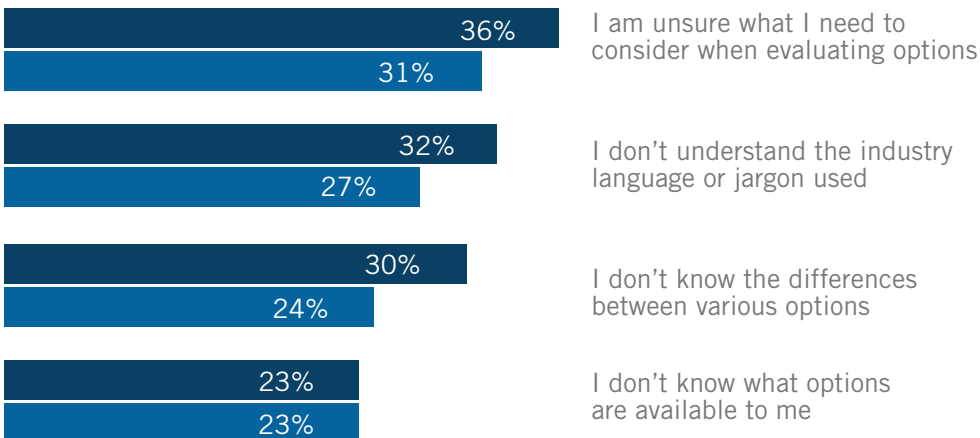
With a longer life expectancy, women generally assign higher levels of importance to long-term financial goals than men. Three-quarters of women say it is very important to have enough money to maintain their lifestyle throughout retirement versus 65% of men, for example, and 72% of women say it is very important not to outlive or spend all of their savings versus 66% of men. Meanwhile, 60% of women say it is very important to maintain a standard of living for their family in case of their own unexpected death or disability. Just 49% of men give that goal comparable importance.

Women and men need help equally (Figure 6)

Percentage who feel unprepared



Reasons they feel unprepared



Ethnicity: financial goals, concerns vary by cultural background

More women of color are playing a bigger role in retirement and financial planning. More than a quarter of African American women (27%) are taking a bigger role in financial planning today than they did five years ago, as are 24% of Hispanic women and 27% of Asian American women. By comparison, only 16% of white women have taken on more of that responsibility. This may be linked to age, as the multicultural women surveyed were younger on average than the white women surveyed.

African American women: Focused on debt reduction but seeking support. African American women are more critical of their debt-management skills than other groups. Only 19% surveyed give themselves a grade of A. But African American women also are most determined to improve on that front, with 78% saying that reducing personal debt is very important. And they have a high degree of confidence they'll meet that goal; 79% of those who rank it important are confident of reaching it.

African American women surveyed are also most likely to seek support from the financial services industry. More so than other groups, they want financial services companies to look out for them, not talk down to them, and demonstrate an understanding of each gender.

A third of African American women surveyed have life insurance policies purchased individually, more than any other group.

Hispanic women: Less confident but eager to take control of finances. Study results indicate Hispanic women lag other multicultural groups in confidence that they will achieve many key financial goals: reducing personal debt, buying a home, giving to charities, being able to help care for other family members, and staying financially secure if they outlive their spouse. But they are working to improve their outlook. Among women who have taken a bigger role in financial decisions for their households, 48% of Hispanic women say they did so to make sure money is being managed to meet long-term goals—more than any other group.

Asian American women: Most likely to be on track for retirement. Asian American women surveyed are the most likely to be on track with planning and saving for retirement (73% say they are somewhere between “ahead of schedule” or “a little behind but catching up” versus no better than 60% for the other groups). Asian American women also tend to have higher levels of ownership and understanding of investment products.



Generations: age plays role in women's approach to issues

Millennials report being less financially sophisticated.

Millennials, the youngest of the generations surveyed, have less understanding of financial products than older generations. This likely reflects less time to learn about them, but also less perceived need for those products, such as long-term care insurance or annuities. For example, only 23% of Millennials say they understand annuities somewhat or very well, versus 29% of Generation Xers and 41% of Boomers.

Millennials emphasize different financial goals, too.

Millennials have a stronger focus on buying a home than older generations, again a reflection of their stage of life. But they also express greater interest in reducing personal debt, helping to take care of parents or other family members, and providing college tuition for their children. Reflecting today's startup culture and emphasis on entrepreneurship, Millennials also are more interested in obtaining enough money to start or grow a small business (24% versus 16% for Gen Xers and 4% for Boomers). Finally, Millennials are more comfortable than older generations in leveraging technology—including smart devices, webinars and social media websites—to better understand and manage their finances.



The approach of retirement stresses Baby Boomers (38%) the most.

Generation X women are least confident in their financial future. Women in Generation X are least confident in their ability to achieve the vast majority of their most important financial goals. Only 50% of Generation Xers are somewhat or very confident they will have enough money to maintain their lifestyle through retirement, for example, versus 60% of Millennials and 65% of Boomers.

Key differences by region are impacted by demographic differences

(Regional averages vs. national average)

NORTHEAST

- Most likely to say it is very important to protect investments and retirement savings from volatility (58% vs. 51%)
- Most likely to say passing on money to children or heirs is very important (36% vs. 31%)
- Most likely to say obtaining money to start or grow a small business is very important (19% vs. 14%)
- Most likely to rely on print news (34% vs. 29%) and social networking sites (17% vs. 12%) for information about financial and retirement products and services
- Least likely to have children (54% vs. 60%)
- Least likely to use a financial professional (26% vs. 31%)

MIDWEST

- Most likely to have children (66% vs. 60%)
- Most likely to say don't understand industry language or jargon (42% vs. 32%)
- Most likely to use a financial professional (39% vs. 31%)
- Least likely to have household income over \$100,000 (24% vs. 28%)

SOUTH

- Most likely to have household income under \$25,000 (19% vs. 17%)
- Most likely not to have any financial products in own name (27% vs. 22%)
- Most likely to say being financially secure in the event I outlive my spouse is very important (67% vs. 63%)
- Most likely to say giving to charities, communities or educational foundations is very important (31% vs. 27%)
- Least likely to rely on financial recommendations of a financial professional (12% vs. 15%)

WEST

- Most likely to be ahead of schedule or on track with financial planning (39% vs. 33%)
- Most likely to save for large purchase such as house or car (16% vs. 10%)
- Most likely to cite insufficient assets as reason for not using a financial professional (54% vs. 46%)
- Least likely to be married (53% vs. 61%)
- Least likely to use a windfall to contribute to retirement savings (9% vs. 15%)

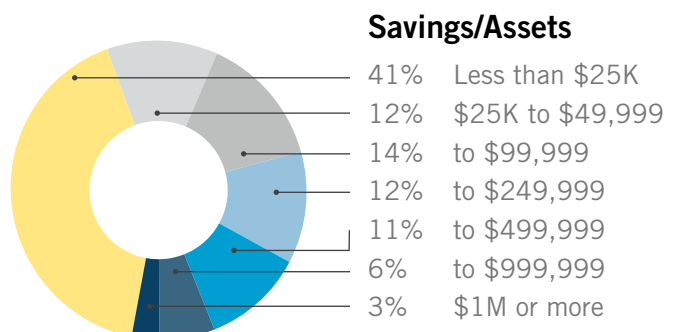
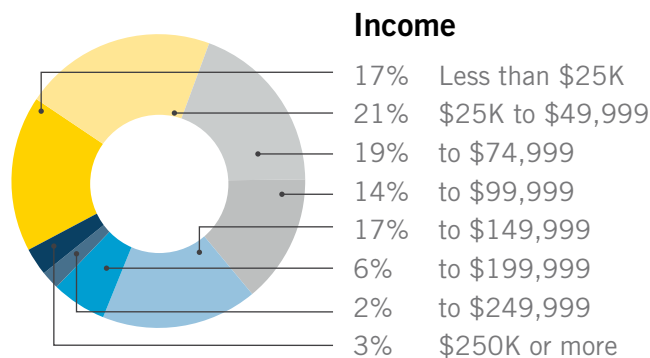
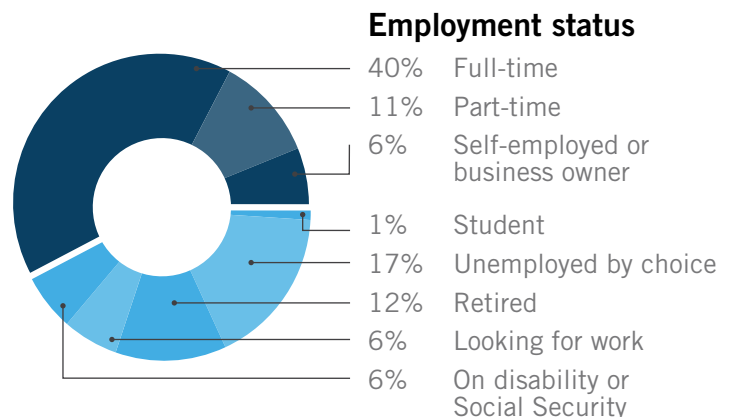
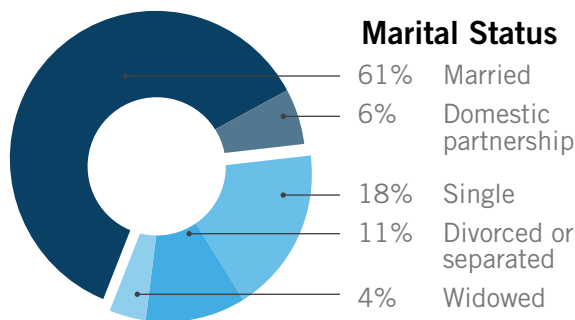
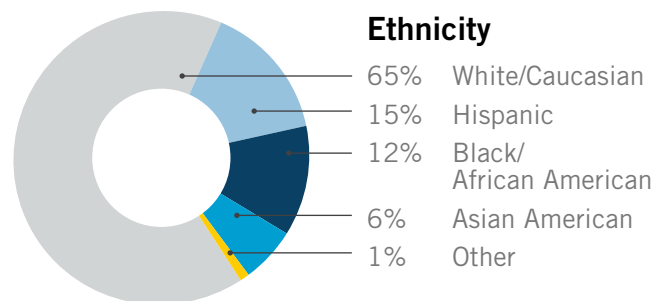
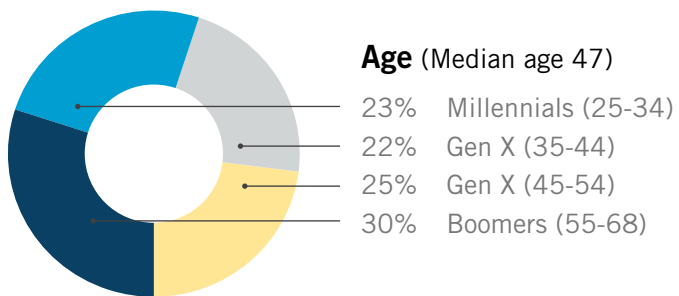
About this study

This is Prudential's eighth biennial study on *Financial Experience & Behaviors Among Women*, which surveys women's attitudes, behaviors and financial knowledge, as well as their financial goals and confidence in meeting those goals. This survey polled 1,407 American women and 606 American men between the ages of 25 and 68, from April 2 to 14, 2014. The survey was designed to reflect the female and male population, and the data were weighted to match the U.S. Census on age, education, race/ethnicity, income and region, with a margin of error of +/- 2.18%. Respondents are voluntary panelists in the Harris Interactive Poll OnlineSM Panel. All results shown are percentages unless otherwise labeled. Percentages may not add up to 100 due to rounding and multiple responses allowed for some questions. The demographic

characteristics of these online panelists are comparable to the U.S. population. No income or financial decision-making qualifications were required to participate in the study.

Results of the survey reflect broad generalizations, averages and only some of the characteristics of the broadest depiction of the women and diverse communities. As such, results or analyses do not necessarily describe some or all of the groups that comprise those market segments or communities. Prudential recognizes that substantial variations in individual experience exist and this survey should not be used as a basis for assuming that all persons within those segments and communities have the characteristics cited.

2014 women respondents



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