Empowering Women to Take Control of Their Retirement

POINTS OF VIEW
BENEFITS AND POLICY INSIGHTS

Women comprise nearly 70% of the not-for-profit workforce[1], yet employers and retirement services providers have historically treated men and women alike when offering retirement guidance. Our analysis shows that women are in fact different from men in how they think about, and act with, their retirement savings—and in ways that deserve our attention.

This report is the first of a series focused on the key differences and unique strengths of women participants versus their male counterparts. It provides plan sponsors with insights to help inform the design and delivery of more effective retirement education and guidance programs specifically tailored for women. Our goal is to help employers engage this important employee population and encourage them to take positive action toward increasing their retirement readiness.

FINDINGS BASED ON:

1. Analysis of 1,750,000 women and 780,000 men participants in not-for-profit workplace savings plans recordkept by Fidelity Investments[2]
2. Primary survey research: *The Fidelity Investments Money FIT Women Study*[3]
3. Interviews with Fidelity Planning and Guidance Consultants who provide guidance to thousands of participants every year

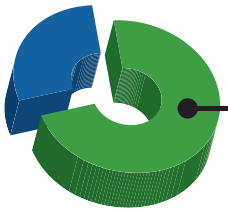
Fidelity INVESTMENTS

Key Issues for Women Investors

Let's begin by taking a look at the key issues for women workplace investors.

Lack of Engagement

While women control 80% of family buying decisions,[4] they are far less engaged when it comes to investing with only 41%[5] reporting they spearhead the investment strategy in their household and nearly 1 in 4[6] taking no part in financial decision-making.



83% of women want to be more involved with their finances, and learn more about investing

However, *The Fidelity Investments Money FIT Women Study* found that 83% of women want to be more involved with their finances in the next year with the majority interested in meeting with a financial representative (in person or by phone) to learn more about investing. That said, 21% of women were not aware of the guidance resources available to them through their employer.

Less Confident about Investing

A key reason women are less engaged with investing is a lack of financial confidence. Our study found that 38% of women do not feel confident when choosing where to invest money, as opposed to 25% of men. Common reasons for this lack of confidence include: haven't researched their investment options, lack experience with investing, and not sure who to talk to in order to get the best advice.

> "Very often I meet with women who don't feel confident. I hear them say: 'I have no idea what I'm doing. I don't think I will ever be able to retire.' I take them step-by-step through the process, and their retirement picture usually looks better than they expected. **To build confidence, it's important to be empathetic and positive, and to provide a clear plan that they can follow."**
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> **Diana Valsky,** Fidelity Planning & Guidance Consultant

Increased Time Pressures

The #1 reason women working in higher education and health care professions lack investing confidence is they don't feel they have the time it takes to properly dedicate to making financial decisions (43%). Competing demands on their time at work, and at home, emerged as key challenges.

> "One consistent theme with women is that they are not putting the time in to their finances and investment that they need to. I think a part of this is because they are unsure what to do. Once we get started in a guidance session, there is usually a big change, and I often hear the comment: **'That wasn't nearly as hard as I thought it would be!'**"
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> **Amaris Beal,** Fidelity Planning & Guidance Consultant

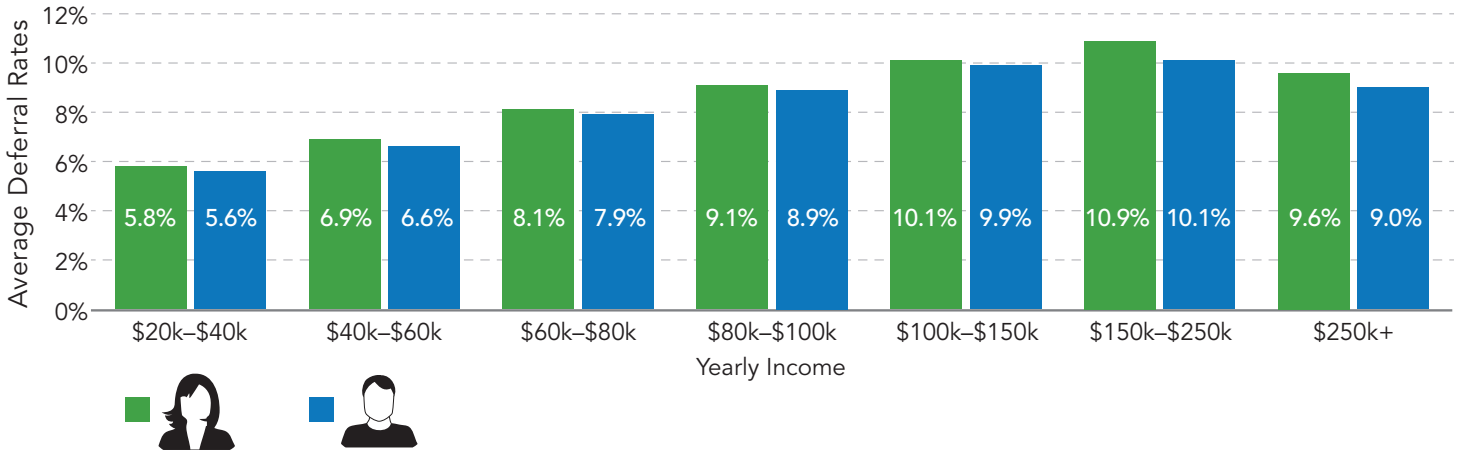
Where Women Excel

Despite their own perceptions, women exhibit stronger savings and asset allocation behavior than men. Making women aware of this fact is central to helping build their confidence and stimulate additional positive steps to increase their retirement readiness.

Save More than Men

When it comes to their workplace savings plan, women save more than men in every income category (see Figure 1). But there is additional progress to make; in most cases, neither women nor men are meeting Fidelity's suggested total savings rate (employee + employer contributions) of 15%.

Figure 1: Average Employee Deferral Rates for Women and Men Working in the Tax-Exempt Sector[7]



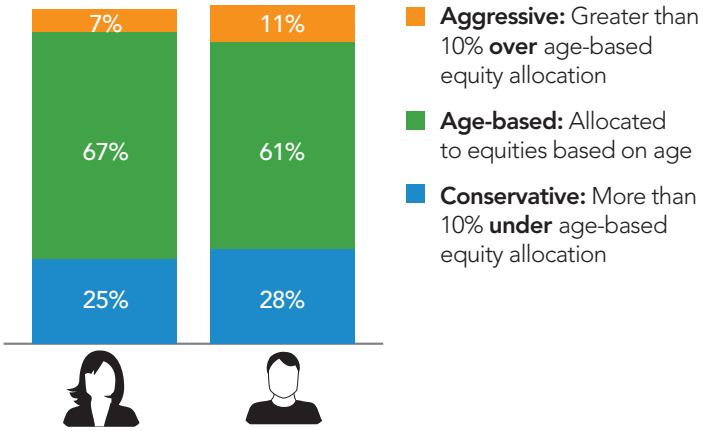
Take Advantage of Employer Match

Women are paying closer attention to employer match designs, and in fact, they are 31% more likely than men to contribute at or above the maximum match amount.

Better Asset Allocation

Despite women's reported lack of confidence in investing, our analysis shows that women's age-based equity allocation is more aligned than men's (see Figure 2). This is in large part due to a higher usage of target date funds and managed accounts by women participants.

Figure 2: Percentage of Women and Men Who Exhibit Age-Based Asset Allocation[8]



SUGGESTIONS FOR PLAN SPONSORS

- Collaborate with your retirement services provider to better understand the savings and investing behaviors of the women participants in your plan. Design education and guidance programs to engage the women in your workforce.
- Actively promote the retirement guidance you make available as a free benefit to your employees.

SUGGESTIONS FOR WOMEN PARTICIPANTS

- **Look at the glass as half full:** Recognize the positive steps you have taken toward your retirement goals.
- **Ask for help:** Many employers offer retirement guidance as a free employee benefit.
- **Strive to save 15% of your salary** (including any employer match) each year toward your retirement. If you're saving less, commit to increasing your savings 1% each year to get there.

[1] Fidelity recordkept data as of 9/30/14.

[2] As of 9/30/14.

[3] Based on survey responses from 1,433 women and men employed in, or retired from, the higher education and health care markets. Survey conducted October 2014.

[4] The Female Factor Corporation, 2014.

[5] Fidelity Investments, Fidelity Omnibus Survey, November 2014.

[6] Ibid.

[7] Fidelity recordkept data as of 9/30/14.

[8] Analysis of Fidelity recordkept data as of 9/30/14. Appropriate age-based asset allocation is defined as the participant's current age, and equity holdings are compared with an example table containing age-based equity holding percentages based on an equity glide path. The Fidelity Equity Glide Path is an example we use for this measure and is a range of equity allocations that may be generally appropriate for many investors saving for retirement and planning to retire around ages 65 to 67. It is designed to become more conservative as participants approach retirement and beyond. The glide path begins with 90% equity holdings within a retirement portfolio at age 25 continuing down to 24% equity holdings at age 93. Equities are defined as domestic equity, international equity, company stock, and the equity option of blended investment options.

Keep in mind investing involves risk. The value of your investment will fluctuate over time and you may gain or lose money.

Asset allocation does not ensure a profit or guarantee against loss.

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