Empowering Women to Take Control of Their Retirement

Women comprise nearly 70% of the not-for-profit workforce, 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.

70% of the not-for-profit workforce

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. Primary survey research: The Fidelity Investments Money FIT Women Study
3. Interviews with Fidelity Planning and Guidance Consultants who provide guidance to thousands of participants every year
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, they are far less engaged when it comes to investing with only 41% reporting they spearhead the investment strategy in their household and nearly 1 in 4 taking no part in financial decision-making.

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.”

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!’”

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

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.
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.