

Own your worth 2020

Women, wealth and the path to **financial independence**



In 2018, UBS embarked on a groundbreaking study of US women. It started with the recognition of two major trends impacting women: increasing life expectancy and the rise of “gray” divorce. This meant that, at some point in their lives, 8 in 10 women will end up alone and solely responsible for their financial well-being.¹

When we spoke to women living this reality—widows and divorcees who were financially responsible not just for themselves but for children, loved ones, even family businesses—we uncovered a deep well of regret.

Many of these women had not prepared themselves to manage finances on their own, or participated with their spouses in decisions that impacted their future.

Whether they were highly engaged or not, 98% of widows and divorcees urged other women to participate in long-term decisions early on.²

So we wondered... were women heeding their advice? In this age of #metoo, women’s empowerment and progress toward greater equality, were things actually changing?

In short, not enough.

We found that married women were engaged in day-to-day finances, such as budgeting and bill paying. But most were letting their spouses make decisions about how to invest, protect and pass on their long-term wealth. Our study in 2019 concluded that this behavior was not unique to US women—it was occurring around the world.

Our research revealed many reasons why, from historical and social precedents to family, gender roles and confidence levels. In many cases, women saw their mothers handle the day-to-day finances while their fathers handled investing and other long-term decisions—and many hewed to the same division of labor.

Even among single women and men, single women felt less confident in their ability to make long-term financial decisions than single men did.

Today, our focus on women's financial participation continues.

For our new *Own your worth 2020* report, UBS surveyed almost 3,000 women and men across the US. We found that half of married women still let their spouses take the lead on long-term financial decisions.

The behavior persists even though the majority of women—and men—believe equal financial participation is necessary for true gender equality. They see joint participation as the basis for a secure future, a way for women to avoid the negative financial surprises that befall so many widows and divorcees. Men in particular believe equal financial participation also can liberate mothers, sisters and daughters from bad relationships.

Yet even the most educated, compensated, high-achieving women do not participate equally.

For example, nearly half of women with an advanced degree (46%) defer to spouses, as do 41% of primary breadwinners. Women in virtually every industry defer—nearly 60% in the technology business alone. Clearly, there is opportunity for change.

But younger women are not leading the way.

Surprisingly, a smaller proportion of Millennials see financial participation as necessary for equality. More than half of Millennials (54%) let their spouses handle the long-term financial decisions vs. 39% of Boomers.

This is in direct contrast to what single Millennials envision. When and if they marry, single Millennials intend to participate in financial decisions equally. So what changes?

Most Millennials who defer say their spouse knows more, they have no idea where to begin or they are focused on other tasks. And 58% admit they simply want to be taken care of—and to keep the peace in the relationship.

Now more than ever, there is a chance for progress.

COVID-19 has increased the household burden on families. Women told us they are handling more childcare, cooking and cleaning than men amid the pandemic. And lockdowns have created new responsibilities, such as homeschooling.

But the pandemic—and its economic fallout—also has increased women's financial concerns. Eight in 10 want to protect themselves and their families more than before.

As a result, many women are resolved to act. Two-thirds intend to have financial discussions with their spouse. Nearly four in 10 are considering financial reviews, portfolio discussions and even updating their wills.

Will women follow through on their intentions? Or will they continue the status quo?

Much depends on the willingness of not only women, but men as well. If men help the women they care about feel encouraged, empowered and welcome—and women commit to participating—then both can make wise decisions.

It's been said that "the smallest deed is better than the greatest intention."³ With the lessons of the pandemic fresh in their minds, women have set their intentions.

Now it's time for them to act.

#ownyourworth

¹National Vital Statistics Reports, Vol. 66, No. 6, November 27, 2017.

²UBS *Own your worth*, 2018.

³John Burroughs, American naturalist and essayist, 1837-1921.

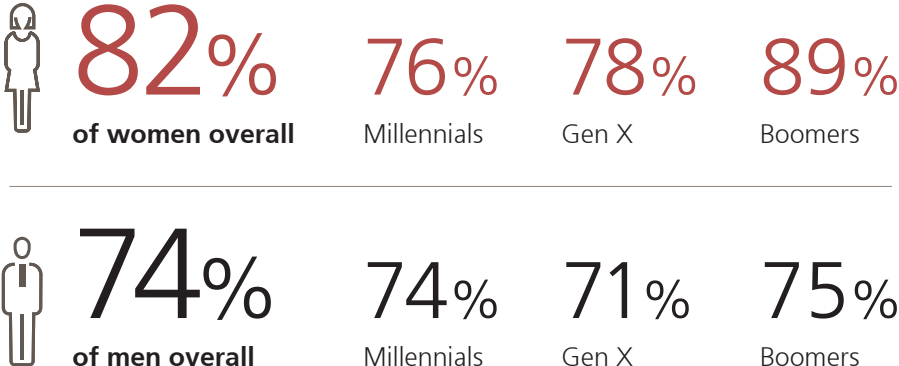
Equal participation in financial decisions seen as key to gender equality

In the pursuit of gender equality, women and men share core beliefs. When it comes to money, for example, the majority believe that unless women are equally involved in long-term financial decisions such as investing, retirement and estate planning, there will never be true gender equality. These are decisions that directly impact women’s financial future.

However, 26% of men don’t believe women need to be equally involved. Eighty-two percent of women believe equal involvement is necessary for gender equality, while less than three-quarters of men agree (74%). And even among the 82% of women, there are major differences by age. Younger women are far less likely than Baby Boomers to believe equal participation in long-term financial decisions is necessary. A higher proportion of women in same-sex couples (88%) believe women must be involved in these decisions to have gender equality.

Women and men differ on importance of financial participation

I believe that unless women are equally involved in **long-term financial decisions**, there will never be gender equality.



Equal participation enables women's financial security

Among the women and men who believe in joint participation (82% and 74%, respectively), nearly all see it as a way to ensure women's financial security and alleviate concerns. When couples participate in long-term decisions equally, these men and women believe, financial surprises can be avoided.

In addition, equal participation can enable women to leave a bad relationship. Curiously, men feel even more strongly about this aspect of independence than women do.

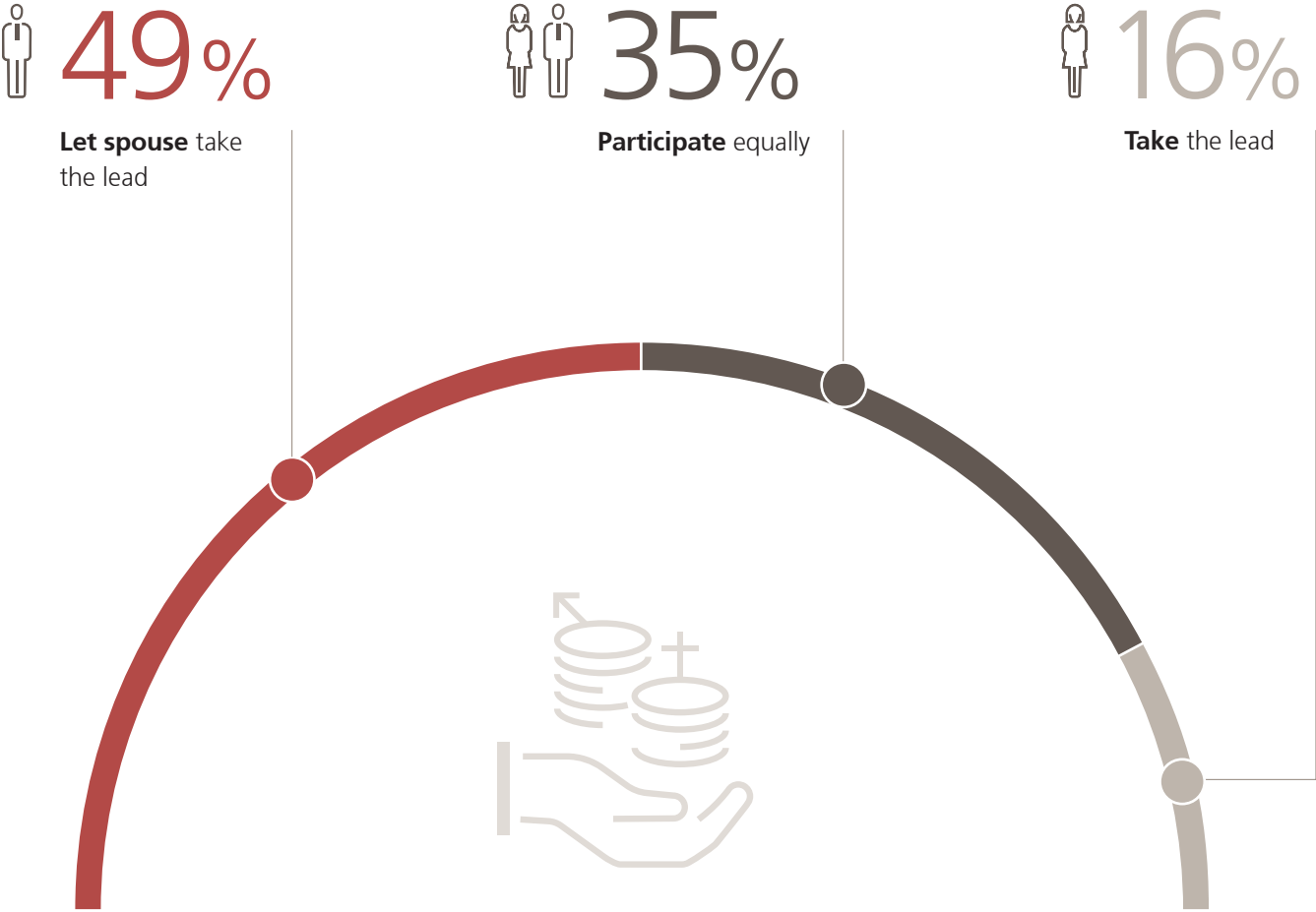
Benefits for women who participate in long-term finances	 Women	 Men
"Women shouldn't encounter any financial surprises ."	96%	97%
"Women should be prepared if something happens to their spouse."	96%	96%
"Both spouses should be involved in any major decision ."	96%	96%
"Being involved can enable a woman to walk away from a bad relationship."	90%	98%

Despite emphasis on equality, half of women defer to spouses on long-term financial decisions ...

Though women stress equal participation in long-term financial decisions, in fact half (49%) defer on these decisions to their spouse or partner. Among the half who don't defer, 35% participate in long-term decisions equally, and 16% take the lead themselves.

Among women of color, 48% defer long-term financial decisions (31% share equally, while 21% take the lead). Within this group, African-American women defer at higher rates, with 56% deferring to spouses, while 38% participate equally and 6% take the lead. Among same-sex couples, 41% defer to a spouse.

Who's in charge?

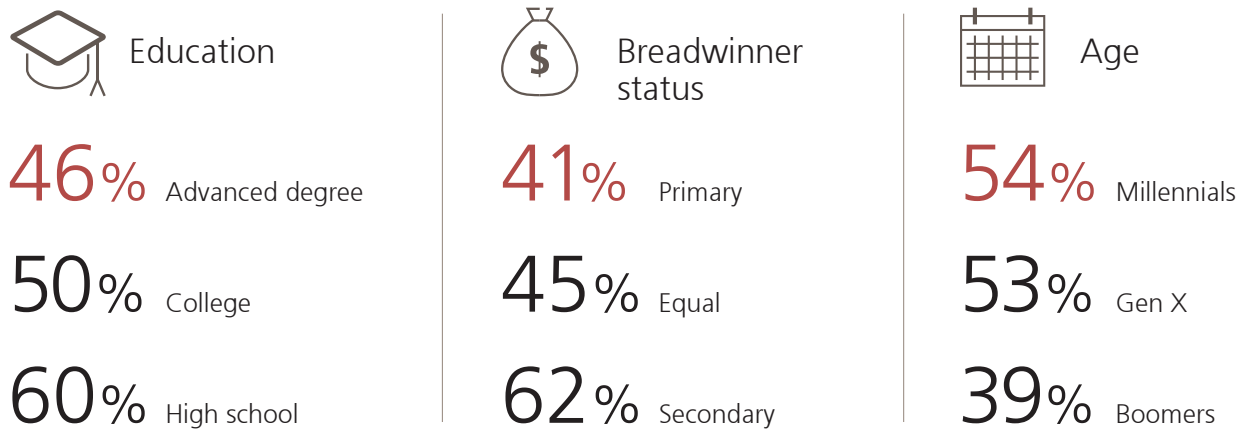


... across industries, education and income levels

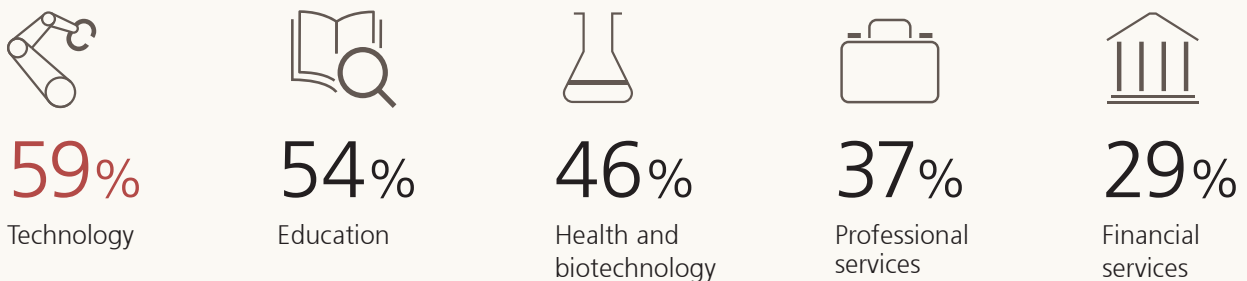
Women across a wide range of backgrounds are likely to defer long-term financial decisions to their spouse. For example, while women with advanced degrees defer less than those with a high school diploma, still almost half

(46%) let their spouse take the lead. Even among women who earn more than their spouses, 41% defer. Interestingly, younger women are more likely than Boomers to defer to their spouse.

Even high-achieving women defer to spouses



Industry breakdown



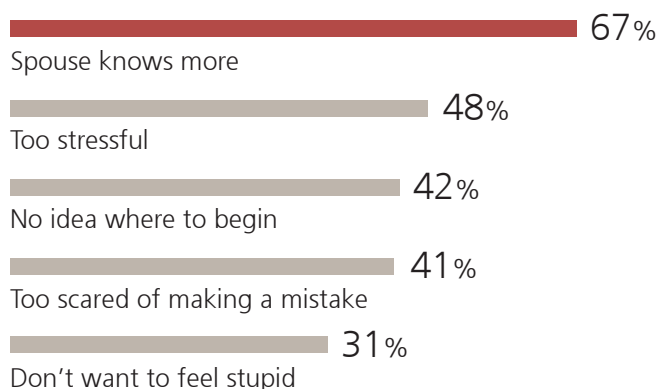
Why women defer to spouses

We asked the 49% of women who defer to their spouses why they do so. They identified a host of reasons, most of which fell into four broad categories: lack of confidence, complacency, entrenched roles and a desire to keep the peace in their relationships. Overall, most women who defer tend to believe their spouse knows more about investing and other long-term decisions.

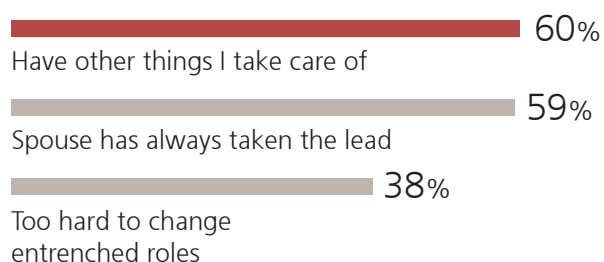
Women defer for many reasons



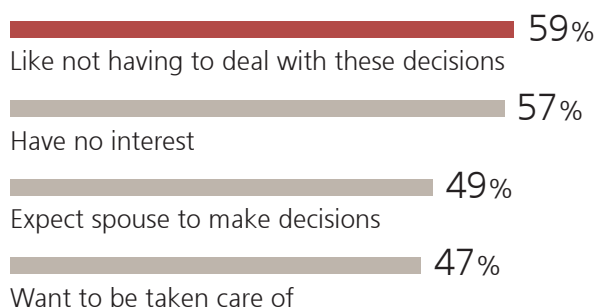
Lack of confidence



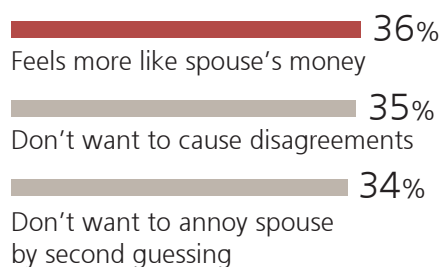
Entrenched roles



Complacency



Keeping the peace



In their own words

I was involved in every piece of spending and investing. So many women hand that over to the husband and find they are broke when he moves on. **Millennials are in for a rude awakening** in a few decades.

Donna, Baby Boomer

Maybe women feel uncomfortable because they don't grow up in households with **female role models managing finances**.

Jennifer, Gen X

I didn't want to learn about investments. I figured someday I'd have a husband to deal with it. I know that came from my parents' relationship.

Judy, Baby Boomer

There are **only so many hours in a day** and we have to divide and conquer. I have to take care of the family.

Brittany, Millennial

Women **think math and financial literacy are beyond their comprehension** because school, their family and society send that message.

Melissa, Gen X

As a woman, what keeps me away from [managing finances] is the **99 million other things** that need to be done.

Karen, Baby Boomer

Delving into investments and financial management can be **overwhelming and time-consuming**, especially for women who don't have the time or energy to commit.

Ashley, Millennial

Women often get scared about getting involved, and they **feel silly for asking questions**.

Hannah, Millennial

Women are more involved with **household responsibilities** and children and grandchildren. They figure their husbands will take care of everything.

Tammy, Gen X

Generational spotlight

Single Millennials declare intention to participate in long-term financial decisions after marriage ...

Single Millennial women envision themselves participating in long-term financial decisions after marriage. The vast majority, for example, want to be equally or more involved than a spouse in planning and investing for the future. Once married, however, Millennial women are more likely than other generations to defer to spouses on long-term financial decisions (54% vs. 39% of Boomers).

Before marriage, a vision of the future ...

% of single Millennial women who agree with the following

88% want to **participate equally or take the lead** in planning finances for the future

67% believe married women **rely too much on spouses** to make financial decisions

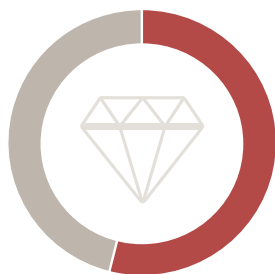
I believe long-term investing decisions should be a **50/50 decision** where both people are actively involved in the decision-making since it affects both of them.

Emily, Millennial

I will probably **be more involved** when I am in a partnership since I want to ensure we are doing things the same way, or have an understanding if we are doing things differently.

Samantha, Millennial

... that changes after marriage



— **54%**

of Millennials, once married, **defer to their spouse** on long-term financial decisions

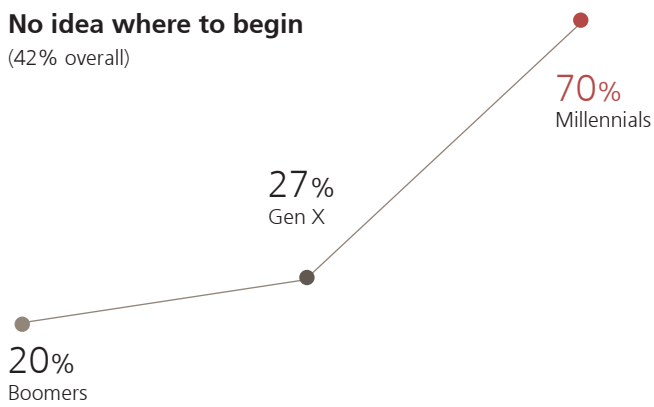
... but more than half of married Millennials abandon resolve and defer to their spouses

Comparing Millennials who defer with Boomers who defer, both believe their spouses know more. However, Millennials are far more likely to say they have other priorities, don't want to cause disagreements and like not dealing with financial decisions.

Married Millennial women defer for a variety of reasons

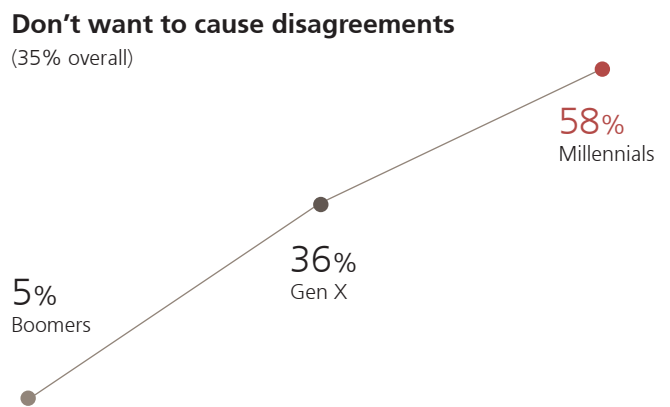
No idea where to begin

(42% overall)



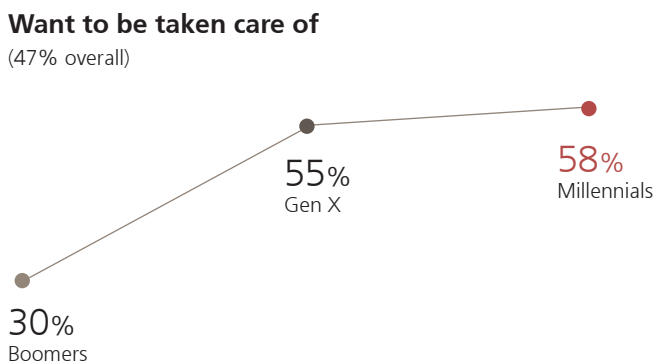
Don't want to cause disagreements

(35% overall)



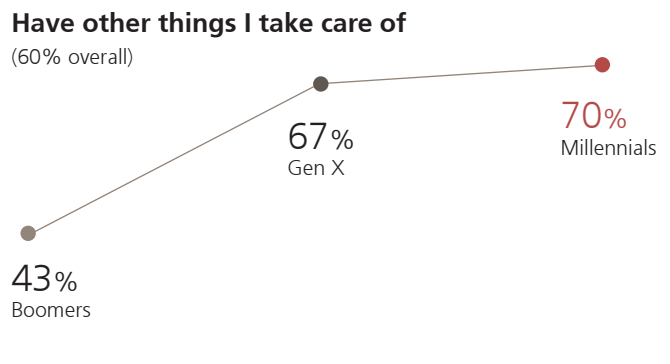
Want to be taken care of

(47% overall)



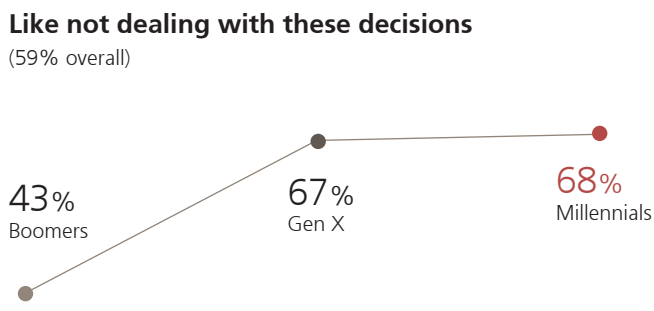
Have other things I take care of

(60% overall)



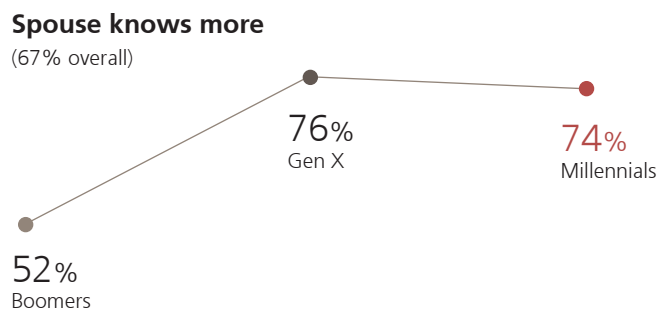
Like not dealing with these decisions

(59% overall)



Spouse knows more

(67% overall)



Women have a range of financial needs over their lifetime ...

Women identified a number of financial priorities for themselves. They range from short-term “liquidity” needs—such as adequate emergency funds, budgeting and cash flow—to “longevity” needs such as

retirement and long-term care planning. Many women also want to leave a legacy, ensuring the well-being of family members and cherished causes long after they are gone.

Percent who see the following as important

Liquidity needs

Longevity needs

Legacy needs

91%

Adequate emergency fund

88%

Retirement planning

78%

Interested in sustainable investing

86%

Cash flow planning

86%

Long-term care planning

75%

Charitable giving

84%

Budgeting

86%

Insurance needs

72%

Estate and family planning

... but opting out of financial decisions puts women at risk

Women may realize the consequences of not participating in major long-term decisions only when it's too late. For example, women may find they have inadequate cash to fund expenses when something happens to their spouse ("liquidity risk").

In addition, as both life expectancy and divorce increase, women are more likely to end up alone. Not all will have enough to fund retirement, healthcare and other long-term expenses ("longevity risk"). Finally, many women want to improve the world and leave assets to loved ones. Without proper planning, they may not realize those goals ("legacy risk").

Liquidity risks

82¢

Women earn 82 cents on a man's dollar, resulting in less income⁴

Longevity risks

8 in 10

Women will end up alone and solely responsible for their finances⁷

Legacy risks

40%

of Baby Boomers plan to leave an inheritance (30% expect to spend their money, and 30% are not sure)¹⁰

40%

How much income widows and divorcees lose once they become single—double that of men⁵

58%

Women turning 65 today who will need long-term care⁸

63%

of women prefer to pass on wealth while living¹¹

\$324k

Amount daughters lose in wages because of time away from work for eldercare⁶

\$90k

Average cost of a nursing home stay per year⁹

\$1.1m

Average inheritance for the wealthiest 5% of US households¹²

⁴Institute for Women's Policy Research, 2018.

⁵US Government Accountability Office, *Retirement Security: Women Still Face Challenges*, GAP-12-699, July 2012.

⁶*The MetLife Study of Caregiving Costs to Working Caregivers: Double Jeopardy for Baby Boomers Caring for Their Parents*, June 2011.

⁷*National Vital Statistics Reports, Vol. 66, No. 6*, November 27, 2017.

⁸AARP Public Policy Institute, March 2017.

⁹Genworth, *Cost of Care Survey*, 2019.

¹⁰Hearts & Wallets, *Funding Life After Work: Impact of Parenthood & Wealth Transfer on Retirement Solutions for Baby Boomers*, 2015.

¹¹UBS client research, August 2019.









¹²Federal Reserve, *Survey of Consumer Finances*, October 24, 2014.

COVID-19 spotlight

The pandemic appears to be reinforcing traditional gender stereotypes ...

As a result of COVID-19, many families have been facing additional housework, with the whole family working and schooling from home. While both genders may be overstating their share of the workload, responsibilities seem to follow traditional gender roles. Even while doing

their jobs remotely, for example, most women say they are taking the lead on domestic duties, such as homeschooling, childcare, cooking and cleaning. Men are more likely to say they are taking the lead on yard work and managing the finances.

% who say they handle each task more than their spouse		 Women	 Men
 Homeschooling		63%	50%
 Caring for the children		60%	48%
 Cleaning		60%	31%
 Cooking		60%	39%
 Managing the finances		45%	71%
 Yard work		32%	58%

... but it has also led women to engage more on finances

As a result of the pandemic, women are becoming more focused on their financial futures and are likely to discuss money and planning with their spouses and children. Women say they are also likely to act on their financial

concerns; however, there is a gap between their intentions and actions. For example, 33% have reviewed their financial situation, but another 40% are still considering doing so.

Due to COVID-19 women are focusing on money and family...

82% "I want to **protect** myself and my family more."

63% "My experience during the pandemic has impacted **how I think** about my money."

...and intend to discuss finances with spouses and children

64% "I intend to discuss my **finances** more with my spouse/partner."

51% "I intend to discuss my **inheritance plans** with my children as a result of the virus."

Women say they are likely to act on their financial concerns

Discuss the **impact** on my portfolio with my advisor

Review my **financial situation**

Update my **will**

Have already done so

45%

33%

16%

Am considering

34%

40%

37%

About the survey

For this publication, UBS surveyed 1,825 investors (906 women and 919 men) from January 8 – February 28, 2020. Those between ages 25-30 had at least \$250k in investable assets, those 31-39 had at least \$500k in investable assets and those 40 and older had at least \$1M in investable assets. Data from 50 same-sex married women have also been included. All data included in this report are based on UBS proprietary research unless otherwise noted. Findings also include data from a UBS survey conducted March 15-25, 2019 among 883 single investors (414 women; 469 men) who have never been married.

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