



Women and Wealth report

Empowering women
to take control of their
financial future

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Lives

By 2025, 60% of UK wealth will be in the hands of women* – that’s a big opportunity

Welcome to the Schroders Personal Wealth 2023 Women and Wealth Report

I’m delighted that we are taking the time to commission research to learn more about women and wealth. With facts like the one above, it’s crucial that women feel as comfortable as men when taking control of their finances. Unfortunately, as our research highlights, this isn’t always the case, and we as an industry need to do more to empower women financially.

This report considers some of the factors that may contribute to women choosing to save rather than invest. Whilst we do recommend that clients keep an ‘emergency fund’ of cash to cover around six months’ living costs, which could be in an accessible savings account, anything over and above could well be better off invested.

The main message here is that although investing can seem daunting, you don’t need to be an expert to create a great financial plan. By taking financial advice, your adviser will work with you to put a plan in place that takes into account your individual circumstances and works towards your specific financial goals. We want women to feel that financial advice is accessible, and to have the confidence to use a trusted financial partner to help their wealth work best for them.

* Centre for Economics and Business Research, ‘Understanding the diversity of women’s wealth’ report, 2019

As a Financial Planning Director, I get to meet women from all walks of life. Although some women can be more risk averse and cautious when investing, from my experience, this isn’t necessarily a negative, and can have the potential to produce good results over the longer term. What’s important is that this considered approach to saving and investing is applied in the best way, and this is where I enjoy exploring all the options with my clients and helping to put together tailored financial plans that best meet their individual needs.

At Schroders Personal Wealth, our aim is to help empower everyone to feel confident enough to contact a financial adviser for help, regardless of their gender. I hope you find this report insightful and empowering.

Katie Nutting

Financial Planning Director,
Schroders Personal Wealth



It's all down to confidence



23%
of women

don't feel confident about managing their finances, compared to 11% of men



44%
of women

don't feel confident that they are saving enough for their future, compared to 24% of men

These statistics are worrying on their own, but when you compare them to the responses from men, the confidence gap is even more alarming.

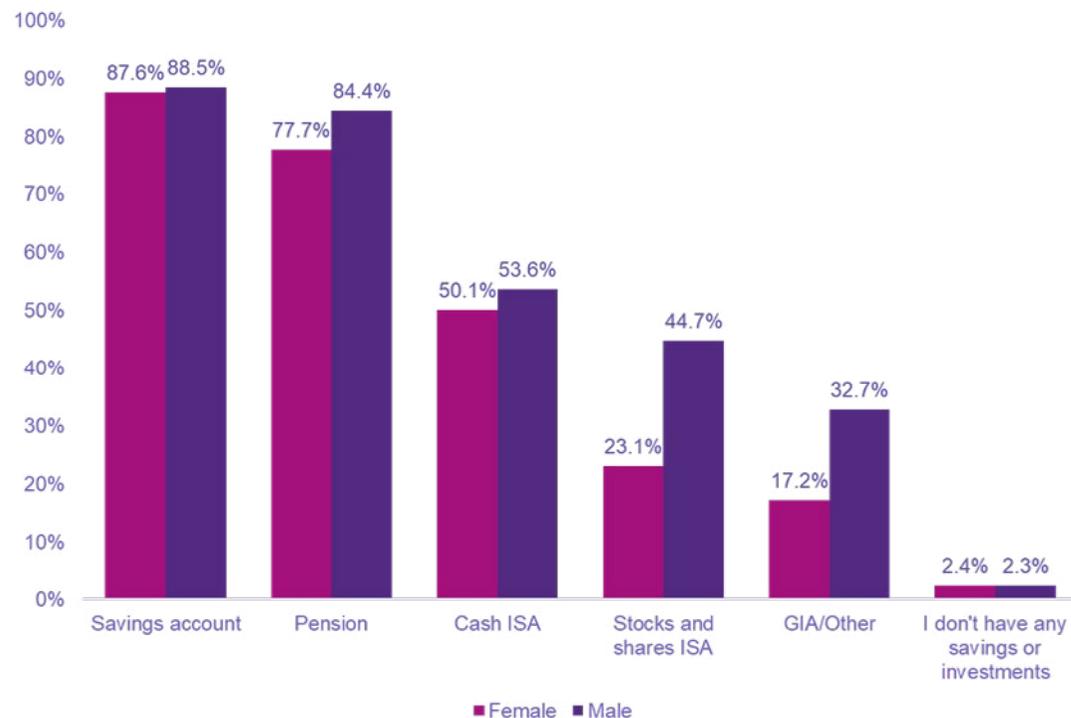
Women's lower confidence when it comes to money could be attributed to a complex mix of social, cultural, and economic reasons. One significant factor is the historical gender wealth gap, where women have often had fewer financial resources and opportunities than men.

This wealth disparity can lead to a lack of exposure to investing and financial literacy, making women feel less prepared to navigate the complexities of the financial markets. Furthermore, traditional gender roles and societal expectations have often encouraged women to prioritise saving over investing, reinforcing the perception that investing is a risky and male-dominated domain.



It's a risky business... but it's all relative

Men are two and a half times more likely to invest in higher risk funds in exchange for potential higher returns



Remember, the value of investments and the income from them can fall as well as rise and are not guaranteed and you might not get back your initial investment.

There is no guarantee by investing money it will keep level or beat inflation, particularly when inflation is high.

Women tend to be more risk-averse than men. Our research found that 83% of women would prefer to invest in a lower risk investment and receive lower returns, compared to 57% of men.

While this trait can be advantageous in some investing scenarios, it can also lead to a hesitancy to engage in potentially profitable but riskier investments. Men often embrace riskier investment opportunities, such as shares, while women may favour perceived safer options like bonds or property, seeking stability and preservation of capital.

This is reinforced by the difference between the financial products that women hold compared to men. Whilst women choose to keep their money in savings accounts and cash Individual Savings Accounts (ISAs), men are more likely to invest in a stocks and shares ISA, a General Investment Account (GIA), or other tax efficient investments.

The word 'risk' has negative connotations for most people, but when you consider risk in investing, you need to consider the relative risks: you may feel it's too risky to invest in the stock market, but what about the risk of letting high inflation effectively devalue your savings?

What barriers exist to investing for women?

60%
of women

and 50% of men don't have enough extra cash to save for their future

38%
of women

have taken a career break, compared to just 22% of men

Our research found that women and men perceive there to be similar barriers in place when it comes to investing. Whilst more women than men stated that they don't have enough surplus cash to invest, this was the top reason for both sexes.

This may be down to the fact that women are more likely to take a career break at some point during their working life. This resulted in more women than men stating that taking a career break has had a huge impact on their long-term financial plans.

The main differentiating factor between women and men regarding perceived barriers to investing, lies in the level of investment knowledge and confidence.

Our research indicates that men tend to display more confidence in their investment decisions, even when they possess similar levels of financial literacy as women.

Women, on the other hand, may prefer to enhance their knowledge before delving into investment ventures, seeking a thorough understanding of the market dynamics.



Know your rights

39%

of women don't feel confident that they would know how to access their own finances if anything were to happen to their partner

52%

of women don't know anything about their rights to their partner's pension in the case of a divorce

Many women do not fully appreciate the vital role pensions can play in divorce agreements, which is highlighted by the fact that our research found more than half of women don't know their rights to their partner's pension if they were to divorce.

The emotion linked to a marriage break-up can put women off dealing with financial matters at a time when they need to be at their most attentive. Women are generally the primary carer for children, and trying to juggle work and manage a legal process as well, makes it difficult to understand pension rights at the time of a divorce.

But the truth is, pensions are often one of the most valuable assets in a divorce, second only to the family home. Therefore, any existing pensions should be a key consideration in any financial settlement during divorce proceedings.

It's common for one spouse to have significantly more in their pension savings than the other, especially in cases where one party has earned less or even not at all, in order to be a stay at home parent or work part-time

whilst children are young. Unfortunately pensions are often neglected in a divorce financial settlement, in particular by women who tend to live longer than men and therefore often require greater pension savings. For some women, having to deal with a financial situation for the first time can be daunting and lead to feelings of vulnerability.

So what can women do to reduce this uncertainty? Women in a marriage or civil partnership should try to be active in family finances. It's important for women to be involved in any financial advice received by their partners, even if they have no savings to invest. They should take an active interest in long-term family financial plans, so they are in an informed position, just in case they face divorce or bereavement in the future.

Prepare for the unexpected

47%
of men

have a plan in place should the unexpected happen, compared to just 38% of women

12%
of women

are unsure of what plans they would need to have in place for their financial future in the event of separation, divorce or bereavement

Almost half of the men we surveyed have a plan in place should the unforeseen occur, compared to just over a third of women. Thankfully, only a small number of men and women have not put any plans in place and have no intention of doing so.

Although we have highlighted some of the perceived barriers to appointing a financial adviser, in reality most people could benefit from professional financial advice. And in this period of high inflation, market volatility and economic uncertainty, there has probably never been a better time to seek financial advice.

While it may be possible to reach your financial goals alone, you could improve your chances of getting there with the help of a financial adviser. Most of us are able to articulate where we want to be in the next ten years. Some people even have the ability to visualise where they want to be in twenty, thirty or even forty years' time. What is more difficult, however, is stating with confidence how we are going to get there.

Just as you plan other areas of your life, we believe a financial plan could give you the power to take control of your financial future. An adviser could help you build that plan and bring it to life. Wealth doesn't mean millions. Your wealth is whatever savings, pensions or property you have worked hard for. A financial plan can help to make the most of your wealth, whatever size it is.

The support a financial adviser can provide doesn't need to end when a personalised plan has been created. Ongoing advice can provide regular check-ins to review whether you're still on course to reach your future goals.

Tips for women looking to start on the road to investing

Investing is a journey. Over time, your confidence and knowledge will grow, allowing you to make more informed investment decisions.

The value of investments and the income from them can fall as well as rise and are not guaranteed. The investor might not get back their initial investment.

These tips are examples and what is right for each person will depend on individual circumstances.

Educate yourself

Begin by learning the basics of investing. There are many free online resources, books, and courses available that can help you understand different investment options, risk factors, and strategies.

Speak to a professional

Consider consulting with a financial adviser. A professional adviser can provide personalised guidance and help you create an investment strategy aligned with your goals and risk tolerance.

Set clear goals

Define your financial goals. Whether it's saving for retirement, buying a home, or funding your child's education, having clear objectives will help you make informed investment decisions. An adviser can help you to plan effectively for both short-term and long-term goals.

Invest what is right for you

Don't feel pressured to invest a large sum right away. Starting with a smaller amount of money can allow you to gain experience and build confidence gradually. You may also find that investing smaller amounts regularly works better for you than a one-off lump sum – an adviser can take you through the relative benefits and the risks.

Diversify your portfolio

Avoid putting all your money into a single investment. Diversifying across different investment types, like shares, bonds, and property, can help to spread risk and enhance the potential for long-term returns. There are funds available that mix different investment types according to what level of risk you are willing and able to take. An adviser can help you to decide which fund is appropriate for you.



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Our Women and Wealth report is based on an independent survey of 1,500 UK adults (750 women and 750 men) conducted for Schroders Personal Wealth by Attest on the 24th August 2023.

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