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Women Have
Fundamentally
Different
Journeys to
Financial
Wellness

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Women Have Fundamentally Different Journeys to Financial Wellness, Merrill Lynch Study Reveals

Study finds women confident in all but investing

A new Merrill Lynch study conducted in partnership with Age Wave, “Women and Financial Wellness: Beyond the Bottom Line,” celebrates the progress made by women while examining the financial challenges women still face throughout their lives, and offers potential solutions. The study finds that 70 percent of women believe that men and women have a fundamentally different life journey, reinforcing the need to better understand women’s financial concerns and opportunities. The study is based on a nationally representative sample of 3,707 respondents, including 2,638 women and 1,069 men.

“Women have come a long way both personally and professionally, but when it comes to their finances, there is still a trail left to blaze,” said Lorna Sabbia, head of Retirement and Personal Wealth Solutions for Bank of America Merrill Lynch. “As women are at a tipping point to achieve greater financial empowerment and independence, it is even more essential that we support women in helping them pursue financial security for life. This includes encouraging women to invest more of their assets, save earlier for retirement, and pursue financial solutions that closely align to their personal values and life paths.”

Findings include:

Women look beyond the bottom line

While they definitely care about the performance of investments, women view money as a way to finance the lives they want. Seventy-seven percent say they see money in terms of what it can do for themselves and their families. Eighty-four percent say that understanding their finances is key to greater career flexibility. When it comes to investing, about two-thirds of women look to invest in causes that matter to them.

Superior longevity

Longevity needs to be a factor in everyone’s financial strategy, but more so for women, who on average, live five years longer than men.

Eighty-one percent of centenarians are women. While 64 percent of women say they would like to live to 100, few feel financially prepared, with 44 percent of women stating they worry they will run out of money by age 80.

Confidence in all but investing

The study finds that women are confident in most financial tasks, such as paying bills (90 percent) and budgeting (84 percent). However, when it comes to managing investments, their confidence drops significantly; only 52 percent of women say they are confident in managing investments, versus 68 percent of men. Millennial women were the least confident at 46 percent. Of women who do invest, their financial confidence soars; 77 percent of women who invest feel they will be able to accumulate enough money to support themselves for life.

A trail left to blaze

The study also finds how important understanding the gender wealth gap (as opposed to the wage gap) and wealth escalators are to women’s financial wellness. Women experience a gender wealth gap – the difference between men’s and women’s financial resources across their lifetimes, including earnings, investments, retirement savings and additional assets. This wealth gap can translate to a woman at retirement age having accumulated as much as \$1,055,000 less than her male counterparts. Contributing factors include:

■ **Temporary interruption, permanent impact:** Many women experience lasting effects when they take time away from the workforce to provide care, including for aging parents, their own spouses, and their own children. One in three mothers who returned to the workforce after caring for children says she took on less demanding work, which resulted in lower pay. Twenty-one percent say they were paid less for the same work they did previously.

■ **Greater lifetime health and care costs:** The average woman is likely to have higher health costs than the average man in retirement – paying an additional \$195,000 on average⁴ – due to living longer and having to rely on formal long-term care in later years.

“Women’s life journeys are not only different than men’s, they’re different than the life journeys of our mothers and grandmothers,” said Maddy Dychtwald, Co-Founder and Senior Vice President of Age Wave. “We have more opportunities and choices when it comes to family, education and careers, but we’re so busy taking care of other people and other priorities, we often don’t take the time to invest in ourselves and our future financial wellness. If more women can actively take control of their financial future all along the way, it would not only benefit them, but also their families and our society overall.”

Doing more to promote financial wellness

Bank of America’s Global Wealth and Investment Management business serves affluent and wealthy clients through two leading brands in wealth management: Merrill Lynch and U.S. Trust. Advisors specialize in goals-based wealth management, including planning for retirement, education, legacy, and other life goals through investment, cash and credit management.

“In a period of remarkable advances for women in society, a remain-

ing frontier is financial well-being,” said Andy Sieg, head of Merrill Lynch Wealth Management. “It’s a basic component in the quality of life. This report lays out a blueprint for helping to achieve it – and we at Merrill Lynch relish the opportunity to provide women everywhere with advice and support that can make a meaningful difference at every stage of their lives.”

Through its advisors, educational offerings and other resources, Bank of America is positioned to help clients overcome the common challenges presented in the study by:

- Addressing women’s top financial regret: not investing more. Forty-one percent of women say not investing more is their biggest regret. Women cite lack of knowledge (60 percent) and confidence (34 percent) as top barriers.
- Focusing on disparities in wealth, not just income. Women’s financial security is about more than closing today’s pay gap. It’s about accumulating assets or wealth at all income levels, and increasing women’s access to wealth escalators (e.g., employee benefits such as paid time off and pretax savings opportunities).
- Breaking the silence about money. Sixty-one percent of women say they would rather discuss details about their own death than talk about their money. Forty-five percent of women report they don’t have a financial role model. **WI**

