

Women Investors May Be Outperforming Men, Yet Seeking Additional Guidance

Fidelity Investments® Research Reveals Women May Be Outperforming Men in Generating Investment Returns and Looking for More Financial Education

A growing body of evidence, including an analysis of more than eight million clients from Fidelity¹, shows that women outperform men when it comes to generating a return on their investments. Research also reveals that women have a keen interest in financial education and advisory services, and often think of financial plans in terms of life goals for themselves or their families — taking a holistic approach to money management rather than focusing on performance alone². With this in mind, financial advisors may want to consider how they can potentially better serve female investors and meet their financial needs.

Women's Skills and Strengths

- **Women Earn Higher Returns.** Fidelity Investments client data analysis showed that on average, women performed slightly better than men through their approach to investing – generating investment returns that were higher by 40 basis points, or 0.4%¹. At first glance this may appear to be a negligible difference, but it can have a significant impact over time.
- **Women Save More.** Fidelity's analysis also found that when comparing annual savings rates, women also slightly outperformed men. Looking at workplace retirement accounts³, women (at every salary level) consistently saved a higher percentage of their paychecks than their male counterparts. Women saved an annual average of 9.0% of their paychecks, compared to an average of 8.6% saved by their male counterparts. For accounts outside of workplace savings⁴, such as IRAs and brokerage, in proportion to their account balances, women again saved more. Women added an average of 12.4% to their account balance, compared to 11.6% for men.
- **Women Take on Less Risk.** Fidelity research shows that women are more likely to have their savings allocated in a more age-based allocation of investments versus their male counterparts. In fact, looking specifically at Fidelity retirement savings accounts over the last three years, the percentage of women allocated appropriately for their age increased by approximately 40%². Furthermore, fewer women have their savings fully invested in equities than men, and women are more likely to invest in target date funds, helping to ensure that they are well diversified.
- **Women Practice Patience.** Fidelity's client data revealed that women are more likely to buy-and-hold their investments than men. When comparing trading activity, men are 35% more likely to make trades than women – driving up transaction costs and potentially impacting returns. Furthermore, men who trade made an average of 55% more trades in 2016 than their female counterparts who traded during the same time period⁵.

More Financial Education Wanted

Despite these positive results and behaviors, Fidelity research among professional women across the country shows there's no shortage of interest in learning more about financial management and investment choices. In fact, 92% say they want to learn more about financial planning⁶. Fidelity has also seen a 25% increase year-over-year in the number of guidance interactions among women participating in live and digital events designed as part of the firm's women's education program.

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For many, the desire for more financial education stems from a need to play "catch up," with a majority reporting a lack of opportunity to learn financial skills earlier in life. While parents remain the top source of financial advice for most women, only 20% said they felt well prepared by their parents to manage their finances as an adult⁷. Even fewer said they learned about these topics in school.

Today, 88% of women say more financial education would provide them with greater confidence in managing their money. When asked what they would most like to learn in 60 minutes of professional financial advice, women across all generations listed "learning more about how to invest my money" as their No. 1 choice².

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But many still hesitate to reach out for help. Women across all generations are less likely to reach out to an advisor than men, with six out of 10 saying they have never consulted with a financial professional. Among this group, the top barrier was feeling like they didn't have enough money to work with an advisor. Other obstacles holding women back from addressing their finances: not knowing where to start and simply not making it a priority².

Women cite "feeling like they don't have enough money" as the top barrier that prevents them from consulting with a financial professional².

Build Up Your Female Client Base

According to the Boston Consulting Group (BCG), women held an estimated 30% of global private wealth in 2015⁸. However, only 2% of wealth managers surveyed by BCG said they considered women a specific client segment and had modified their service model accordingly⁸. As more wealth continues to shift to women due to increased earning power, divorce, and inheritance, advisors may want to re-evaluate their acquisition and client engagement practices to ensure they are meeting the needs of this important segment.

The below resources provide insights and best practices from other advisors about attracting, engaging, and retaining female clients:

- [A High-Net-Worth Juggling Act: Meeting the Needs of Executive Women](#)
- [Sudden Decision Makers: Empowering Women in Transition](#)
- [Engaging Wives: How to Drive Greater Growth with Married Clients](#)
- [Six Tips for Acquiring New Female Clients](#)
- [Six Tips for Engaging and Cultivating Female Clients](#)



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1. Comparing the investing behavior of eight million retail customers from Jan 2016 – Dec 2016; measures average of monthly annualizing returns over 12 months from Jan 2016 – Dec 2016.
2. Fidelity Women and Money Survey, Dec 2016.
3. Comparing the savings behavior of 14 million workplace customers from Jan 2016 – Dec 2016.
4. Comparing the savings behavior of eight million retail customers from Jan 2016 – Dec 2016.
5. Fidelity retail customer analysis of men and women who made at least one trade in 2016.
6. Fidelity Investments Money FIT Women Study, Feb 2015.
7. *Fidelity Women and Money Survey*, Dec 2016
8. Boston Consulting Group, "As Growth Hits a Speed Bump, Wealth Managers Seek to Adapt," June 7, 2016.

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