



FINANCIAL EXPERIENCE & BEHAVIORS AMONG WOMEN

2012-2013 Prudential Research Study



Prudential

FOREWORD



Susan Blount

A handwritten signature in black ink that reads "Susan L. Blount".

Senior Vice President
and General Counsel

Many of the fundamental changes in the lives and experiences of women over the last generation are reflected in the data we have seen in the 12 years we have been researching women's financial experience and behaviors.

In an effort to provide more comparative data that is reflective of women's evolving roles in society, we've broadened the scope of Prudential's biennial study on the *Financial Experience & Behaviors Among Women*.

- With this study, we sought to highlight key ways in which women differ from men in their financial attitudes, perceptions, goals and confidence.
- Previous studies focused on the financial experiences of female financial decision makers with household incomes of \$50,000 or more. This study includes broader representation of women aged 25-68 across all income brackets.
- We also sought data reflective of our increasingly diverse country. In addition to generational differences covered in past surveys, this year's study specifically focuses on the experiences of Asian American, African American and Hispanic women.
- A regional snapshot is also included at the close of this year's study to highlight key financial differences among women by their geographic location.

Our 2012-13 study found that women are increasingly the primary breadwinners of many households. They are more likely to be single than a generation ago, either as a result of being widowed or the decision to remain single, marry later or divorce. This is increasingly the case for women in their 50s or later. Our data confirms the long-term trend we have seen of women playing a key role in making financial decisions, but notes that increasingly this is not a matter of choice.

This survey also shows generational differences in attitudes toward money, as well as differences based on ethnicity. Women close to or about to retire clearly have had different life experiences and expectations than women in their 20s or 30s. As more women assume greater responsibility for financial decisions out of need, they are doing so at a time when both men and women are taking on an increased responsibility for managing retirement and benefits choices due in part to the shift from traditional defined benefit pension to defined contribution plans.

In sum, the financial crisis has served to accelerate change and push more women into primary breadwinner roles. They have assumed greater responsibility for financial decision making at a time when financial planning has arguably never been more difficult and the choices never more complex.

While women are more in control than ever of their finances, the study shows they are facing significant challenges when it comes to financial decision making and admit to a lack of knowledge about financial solutions that can help them. The financial services industry clearly has work to do to support financial education and help women take action toward financial empowerment and a more secure retirement.

Learn more at www.prudential.com/women



Christine Marcks

A handwritten signature in black ink that reads "Christine J. Marcks".

President, Prudential Retirement

SUMMARY

Women are concerned about the economy, yet remain optimistic

The slow economic recovery has taken its toll on women, with more than a third identifying themselves as economically on the edge or falling behind. Yet, they remain less pessimistic than men about the near-term future of the U.S. economy. Women who are the primary breadwinners, earning more than their spouses, are much less pessimistic about the economy's future than male breadwinners are.

Women are breadwinners

The majority of women surveyed are primary breadwinners. Forty percent of female respondents are single, and a quarter of married women earn higher incomes than their spouses or partners. On the surface, this appears to put a large portion of women in the driver's seat when it comes to financial decision making. Yet, just 23% of breadwinner women feel very well prepared to make financial decisions, compared with 45% of their male counterparts.

Women's financial priorities differ

Women are more collaborative in their decision making, more focused on household expenses, and concerned about not becoming a financial burden to loved ones and passing money on to heirs. But this tendency to take care of others first can compromise their families' futures.

Women's confidence gap has deepened

Women are far less confident that they will meet their financial goals and feel less prepared to make wise financial decisions. They are twice as likely as men to describe themselves as financial 'beginners' (15% of women vs. 7% of men). Most women are not working with financial advisors. Those who do use advisors tend to have higher assets and more diversified portfolios, as well as greater confidence and preparedness to meet their financial goals.

Women are diverse, and backgrounds matter

Women of different backgrounds have different financial experiences. A higher proportion of Asian American and African American women are employed full time and, compared to other women, these two groups are also more confident they will achieve their financial goals. Asian American women are the highest users of financial advisors; African American women rarely use financial advisors but are the most open to working with an advisor in the future.

Both younger women and baby-boomer women are 'not prepared' for retirement

Women under 35 have well-defined goals for their financial future. Although they frequently identify themselves as investment beginners and are less likely to say they feel very well prepared to make wise financial decisions than female baby boomers, they are the most likely to see financial decision making as their own responsibility, and they feel empowered to participate in or make decisions on their own. They also show a strong interest in receiving financial advice. Yet, they are not far from baby-boomer women in their perceptions about retirement readiness, with both groups saying they are way behind or haven't started planning for retirement.

WOMEN REMAIN RESILIENT – DESPITE ECONOMY

Women remain positive about the future

Despite the challenging economy, women are surprisingly positive about the future, with over a third (38%) of female respondents saying they feel optimistic about the country's economic prospects over the coming year. On the other hand, more men than women (24% vs. 16%) say they are very pessimistic about the economic outlook, even though women say they have been hit harder by the events of the past few years.

While hard hit by the slow recovery, women have not succumbed to pessimism.

Economy has impacted women more severely than men

The majority of both women (70%) and men (65%) say they have lost ground as a result of the slow economic recovery, but the impact has been more severe for women. More men than women report some improvement in their household's situation and describe themselves as either doing well or upscale (See Figure 1).

Double the national average of respondents (17%) report being unemployed.* Only 39% of women have full-time jobs compared to 55% of men. For married women and those living with a partner, 30% say they've experienced a layoff within their household as a direct result of the downturn. More troubling, more than one in three women surveyed report they are struggling to make ends meet or they are no longer able to keep up with expenses (See Figure 1).

Figure 1
Few women see their status as more than adequate



* The Department of Labor calculates unemployment rates by counting those who are both out of work and actively filing unemployment claims, so self-reports, such as surveys, are often higher than official reports.

WOMEN ARE BREADWINNERS – THOUGH NOT ALWAYS BY CHOICE

Many women are higher earners, but lack financial expertise

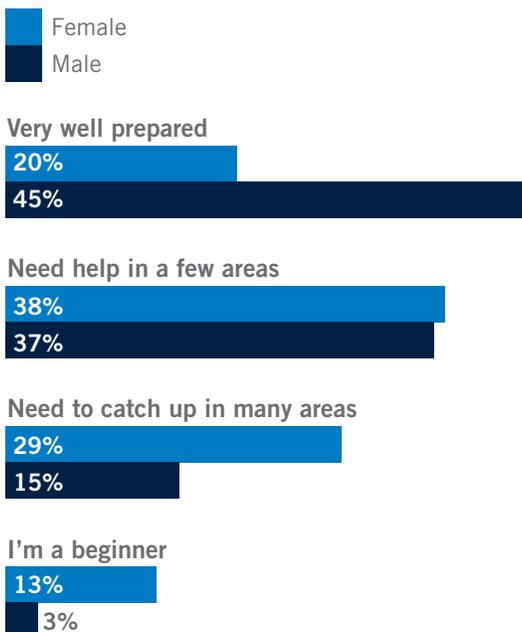
The majority of women (53%), including single, married or with a partner, are primary breadwinners. Almost a quarter (22%) of women who are married or living with a partner report being the one who makes more money. This varies greatly by race: a third of Asian American (33%) and African American (31%) married women are the higher-income earners, compared to just 19% of white women.

Among female breadwinners, nearly a third say they earn more than their spouse as a direct result of the challenging economy.

Women’s level of financial responsibility within the household has outpaced their investment confidence.

Female breadwinners are more likely than other women to say that they maintain completely separate financial accounts and investments from their spouse (27% vs. 15%). Although relatively few women or men report having financial accounts of which their spouse is unaware, female breadwinners are three times more likely to do so than other women.

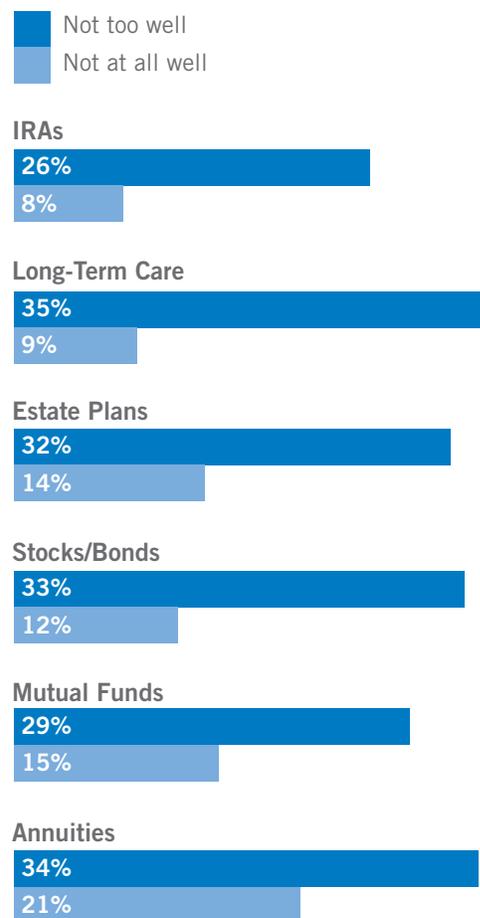
Figure 2
Female breadwinners less confident than male peers



Being the higher earner does not always lead to greater control over financial decision making. Compared with all women, female breadwinners are less likely to see themselves as the primary financial decision makers and, instead, are more likely to report an equal sharing of that responsibility with their spouses.

Compared with their male counterparts, female breadwinners are half as likely to feel very well prepared to make wise financial decisions (See Figure 2) and, though they are more knowledgeable than their non-breadwinner counterparts, only one in 10 female breadwinners feels very knowledgeable about financial products and services. Overall, understanding of many financial products is very low (See Figure 3).

Figure 3
Female breadwinners lack knowledge of financial products



FINANCIAL STYLES AND PRIORITIES DIFFER

Women and men make decisions differently

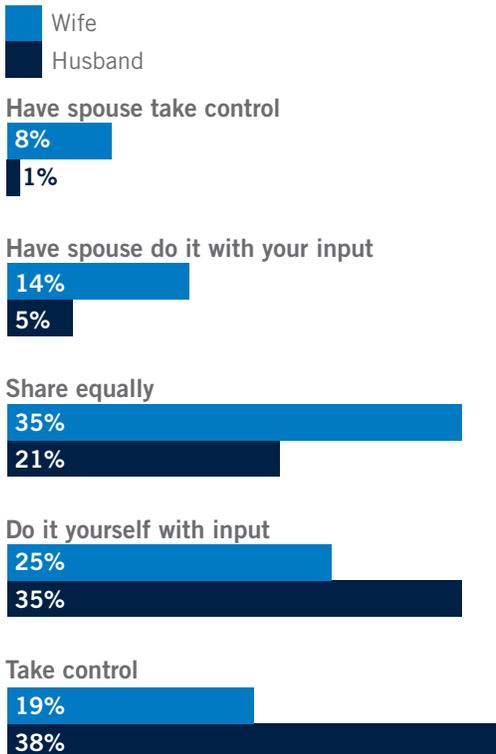
Women are more collaborative in making household financial decisions and typically involve their partner. Thirty-five percent of women with spouses or partners say they share equally in decision making, while 73% of men report being the primary decision makers (See Figure 4). Women not involved in financial decisions most often claim a lack of financial knowledge, while uninvolved men say they are too busy with other obligations.

Different worries keep women and men up at night

Women worry most about household expenses, levels of household debt and their ability to save enough for retirement. Those who are primary breadwinners also worry about their job security and whether they will be able to pay their mortgage. Men are more externally focused, saying they worry most about the state of the economy, followed by concerns over paying household expenses and being able to save for retirement.

While both men and women worry about having enough money to maintain their lifestyle in retirement, more women are concerned about not becoming a burden to their families. This is particularly true of African American women (nearly 100% strongly agree).

Figure 4
Men take control of financial decision making



Women focus on the family, but their risk aversion may be putting their families' financial health at risk.

Women and men have different appetites for risk

With the backdrop of the slow economic recovery, Americans in general tend to be risk averse, but this is especially true for women. The majority (70%) see themselves as savers rather than investors, and are interested only in guaranteed or FDIC-insured products. The exact opposite is true for men – they are willing to take some risk for the opportunity of greater financial reward (70%) and actually say they enjoy the sport of investing (40%) (See Figure 5).

Figure 5
Women are more risk averse



THE CONFIDENCE GAP HAS DEEPENED OVER THE PAST TWO YEARS

Lack of confidence persists regarding retirement and other needs

Women are relatively confident in their ability to achieve financial goals such as buying a house, reducing debt, being able to support themselves and not being a financial burden to their families. Yet they are less confident about having enough money to maintain their lifestyle in retirement, protecting investments from volatility, and not outliving or spending the money they have saved for retirement (See Figure 6). Four in 10 women say they need help in specific areas to feel prepared financially. Fewer women than men feel very well equipped to make wise financial decisions (22% vs. 37%).

Women lack confidence about achieving one of their most important financial goals: retirement security.

Prudential's tracking of U.S. women since 2004 (household income \$50K+) reveals that the gap between important goals and confidence in achieving those goals has widened from 62 points in 2008 to 69 points in 2012. This is especially true for one of the most important goals to women: having enough money to maintain their lifestyle in retirement (See Figure 7).

Figure 6
Women not confident in achieving key financial goals

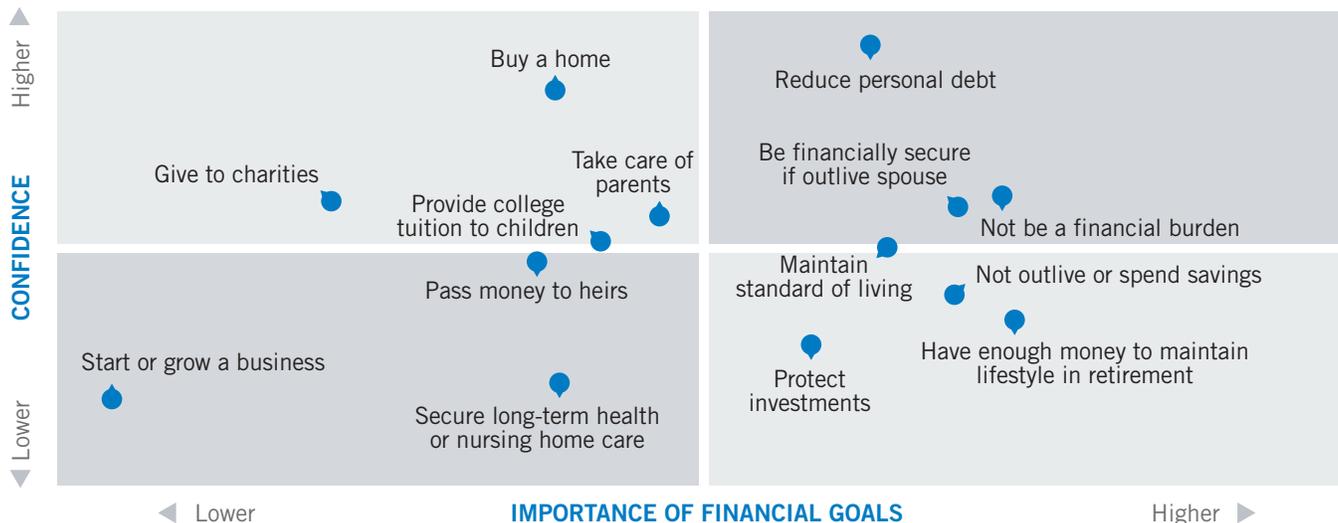
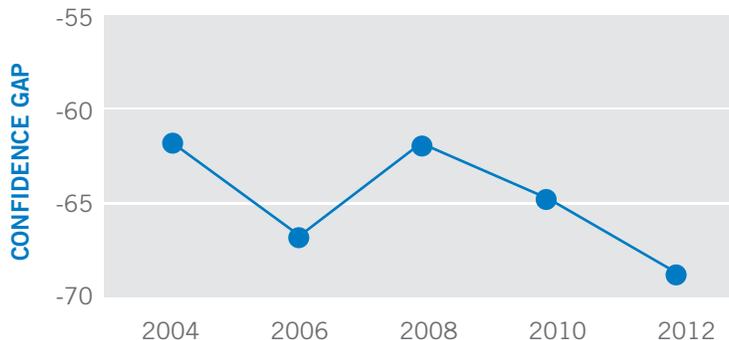


Figure 7
A drop in confidence about maintaining lifestyle in retirement

(Women with household income \$50K+)



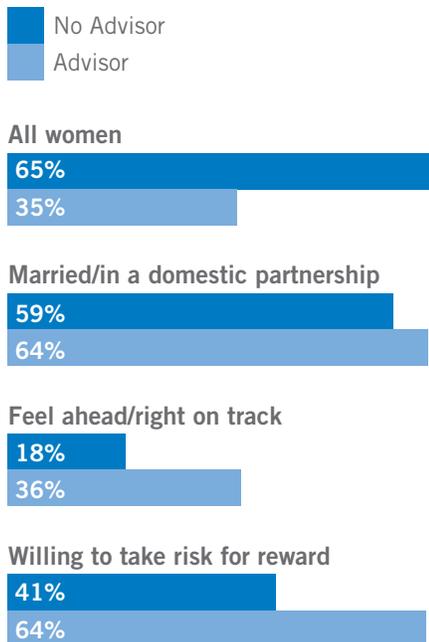
ADVICE CAN HELP CLOSE THE CONFIDENCE GAP

Confidence grows with advice

On the surface, women may not be seen as a primary audience for financial advisors. The median household income for all female respondents is \$51,000 vs. \$57,000 for men, so it is not surprising that just over a third (35%) of these women report using a financial advisor. Yet, men are slightly less likely to do so despite somewhat higher incomes (33%). Compared to other women, those who currently use an advisor are more likely to be married, to have a higher income level, to feel they are either ahead or on track for meeting their retirement goals, and are more willing to take risk for reward (See Figure 8). With their higher income, they also boast higher savings and investments – a median of approximately \$63,000 compared with just \$10,000 for women without a financial professional.

In addition to these material investment differences, women who work with a financial professional feel more confident about not outliving their savings in retirement and maintaining their standard of living than others. Thus, advisors help close the confidence gap.

Figure 8
Women who use advisors are different



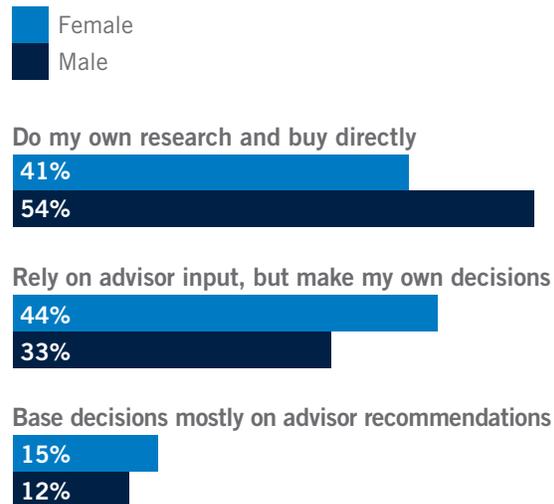
Women seek financial partnership

When purchasing financial products, women tend to identify themselves as collaborators, with 44% saying they usually rely on some input from a professional advisor but make their own decisions. By contrast, men most often say they prefer to make financial decisions on their own (54%). A small percentage of both women and men say they base their decisions mostly on the recommendation of their advisor (15% of women and 12% of men) (See Figure 9).

Women who work with advisors are generally satisfied with the amount of time their advisor spends with them, with only 17% saying they want to be more engaged. However, almost a quarter of women say they would discontinue the relationship with their financial professional in the event that their spouse passed away, suggesting room for improvement in the quality of the advisory relationship for women.

Advisors can help women build diverse portfolios and foster confidence.

Figure 9
Women more likely to rely on advisor input than men



Women likely to work with advisors

More than a third of women (35%) who do not use a financial professional today would consider doing so. Despite their growing earnings power and interest in partnering with a financial professional, women remain relatively underserved by financial advisors. Two-thirds do not currently work with a financial professional. Women who do not currently use an advisor but are likely to do so are younger, have higher incomes, are disproportionately African American, and are more likely to own an IRA or contribute to an employer-sponsored defined contribution plan (See Figure 10).

Women are more receptive to advice than men. The key barrier to overcome is the perception of expense.

Yet, cost is an issue

Perceived expense is the main reason cited by women for not using a financial professional, which suggests they would be interested if they thought fees weren't a barrier (See Figure 11). Women who are receptive to using an advisor say they would rely on a referral from a friend, family member or co-worker to find one.

Figure 10
Women likely to use advisors are more diverse

Women with an advisor

Median Age	Education	Ethnicity			
49 Years old	51% College	62% White	9% Black	12% Asian	16% Hispanic

Financial products owned				
59% DC Plan	65% IRA	48% Mutual Fund	26% Annuity	46% Stocks/Bonds

Women with NO ADVISOR but would consider

Median Age	Education	Ethnicity			
39 Years old	40% College	52% White	20% Black	8% Asian	16% Hispanic

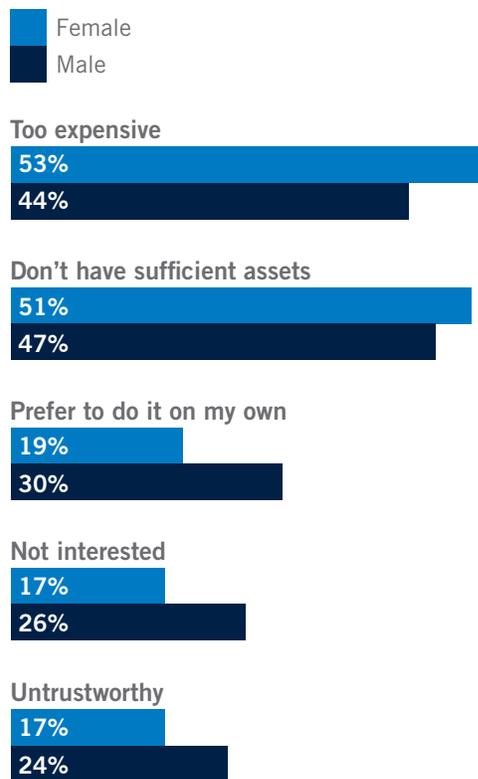
Financial products owned				
44% DC Plan	34% IRA	13% Mutual Fund	7% Annuity	17% Stocks/Bonds

Women with NO ADVISOR and would NOT consider

Median Age	Education	Ethnicity			
47 Years old	27% College	62% White	15% Black	7% Asian	15% Hispanic

Financial products owned				
34% DC Plan	26% IRA	16% Mutual Fund	6% Annuity	12% Stocks/Bonds

Figure 11
Many obstacles to using advisors

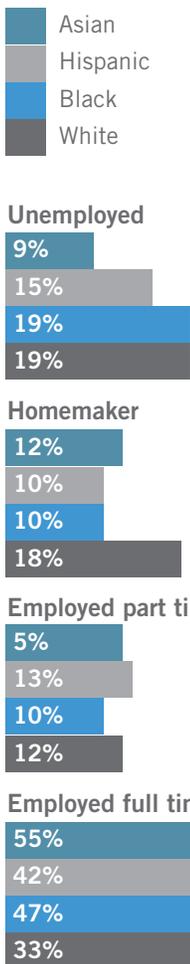


DIVERSE BACKGROUNDS DRIVE DIVERSE FINANCIAL HEALTH

Financial experience varies by ethnicity

Reflecting the diversity within American households and among ethnic groups, there are a number of trends that highlight differences between them, with a significant impact on financial health. Asian American and African American women have the highest rates of full-time employment (See Figure 12). Four in 10 African American women surveyed were married or living with a partner compared with approximately six in 10 women of other ethnic groups, which means that they are less likely to benefit from a dual income or a sounding board. White women more often self-identify as homemakers.

Figure 12
Employment differs by ethnicity



Ethnicity impacts American women's financial health.

Asian American women indicate a higher use of financial advisors and broader financial product ownership (See Figure 13).

Figure 13
Financial profile differs by ethnicity

	Asian	Hispanic	Black	White
Median Income	\$77K	\$51K	\$43K	\$51K
Median Savings	\$59K	\$10K	\$11K	\$17K
Use an Advisor	47%	36%	23%	36%
Own Life Insurance	46%	38%	46%	38%
Own an IRA	51%	28%	23%	32%
Own a Mutual Fund	40%	16%	13%	22%
Own an Annuity	16%	8%	5%	10%
Own Stocks/Bonds	37%	15%	13%	22%

ETHNICITY ALSO AFFECTS FINANCIAL MINDSET

Financial priorities vary by ethnicity

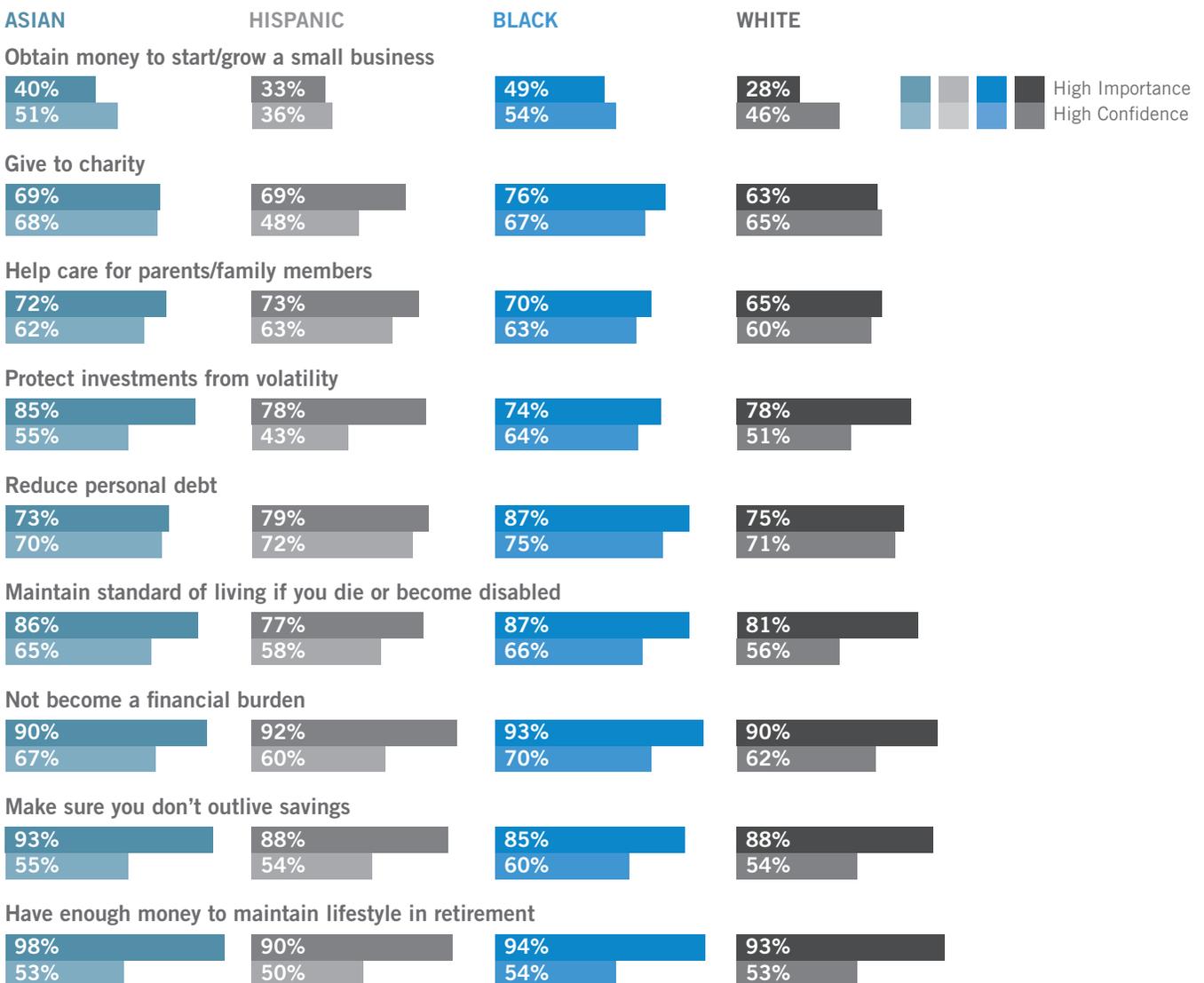
Women’s most important goals revolve around not becoming a financial burden to loved ones and having money to maintain their lifestyles in retirement. However, taking care of the extended family is particularly important in terms of priority for Hispanic, Asian American, and African American women. Because of their higher rates of full-time employment, both Asian American and African American women place greater emphasis on maintaining a standard of living for their families if they become disabled or die. Reducing personal debt, starting a small business and giving to charity are also of heightened importance to African American women. Protecting investments from volatility is especially important to Asian American women (See Figure 14).

African American women’s financial realities have not diminished their confidence.

Financial health and financial mindset are not always in sync

Asian American women tend to have higher income levels and are confident that they will meet their financial goals. Paradoxically, as was noted in Prudential’s 2011 *African American Financial Experience*, African American women are the **most** confident they will meet nearly all of their important goals despite their greater financial challenges (See Figure 14).

Figure 14
The confidence gap differs by ethnicity



YOUNGER WOMEN EMBRACE FINANCIAL INDEPENDENCE

Younger women are more financially independent

While fewer women under the age of 35 are married, those who are typically share the financial decision making equally with their partners. Married women in this age group are also the most likely to maintain completely separate financial accounts from their spouse.

Younger women feel like they are in the driver's seat when it comes to making financial decisions – and agree that their spouses see them in this position as well. They are also the most willing group to recognize that they need to be in charge of prioritizing their financial goals (42%).

Younger women face greater financial challenges ...

Although they see themselves in the driver's seat, in many ways, women under the age of 35 are experiencing the greatest financial challenges. The unemployment rate is the highest among all age groups (25%), and financial product ownership the lowest – 22% don't even have a savings or checking account. Nearly half consider themselves to be either beginner investors or feel they need to enhance their financial knowledge in many areas. At the same time, they also show differences in their mindset and approach to decision making and financial learning that make them a distinct and interesting population.

... and have a greater sense of urgency

Though they share many of the same goals as women over 35, younger women have a greater level of urgency. For example, not becoming a financial burden to loved ones, helping to take care of parents and other family members, buying a home, reducing personal debt, passing money on to heirs and paying college tuition are of heightened importance to these women.

Younger women embrace their greater financial responsibility and the management of their finances – but admit they need help.

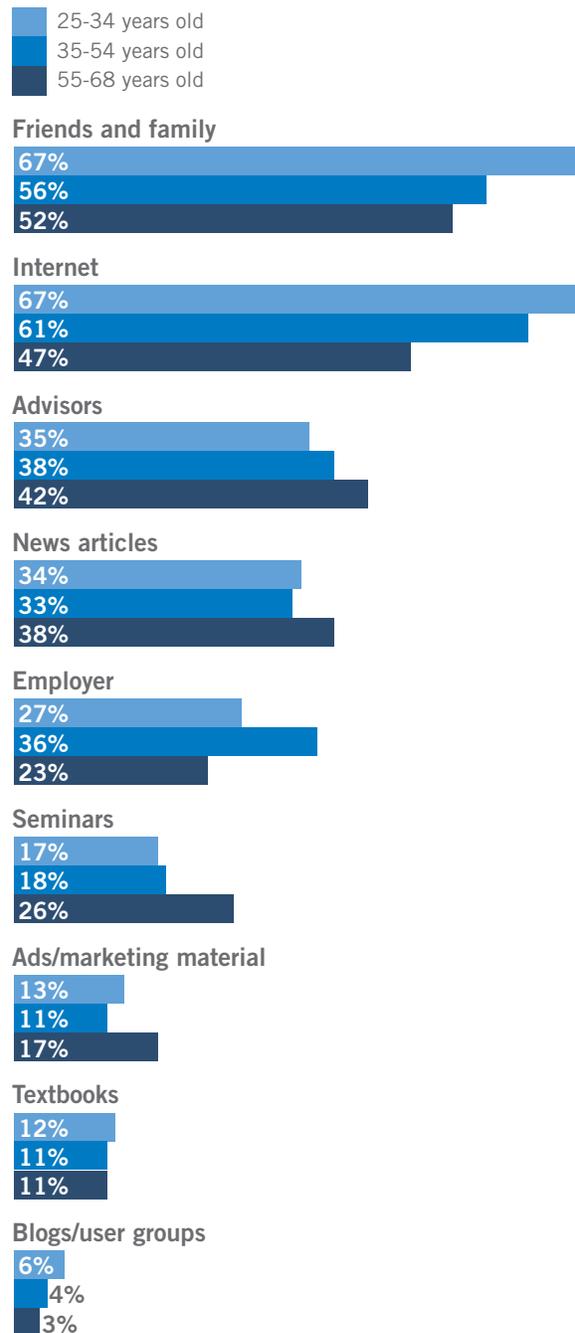
Younger women are also the hungriest for financial information. They are most likely to agree that product information that is customized to them and focused on solutions to their challenges will help them feel more confident and make wise financial decisions. Almost half strongly agree that information presented in this way will help. Surprisingly, this generation is more likely than older women to rely on word of mouth for information about investment and insurance products (See Figure 15).

Younger women are not far from baby-boomer women in perception of retirement readiness

Younger women more often identify as investment beginners, and are less likely to say they feel very well prepared to make wise financial decisions than female baby boomers. Yet, when asked about their retirement readiness, it is quite surprising that boomers are nearly as likely as younger women to say that they are way behind or haven't even started planning for retirement (41% vs. 48%).

Figure 15

Younger women use many financial sources



MAJOR FINDINGS

Differences between women and men

	WOMEN	MEN
Median income	\$51,000	\$57,000
Median savings	\$12,400	\$40,500
Top 3 Financial Priorities	Not become a financial burden to loved ones Maintain lifestyle in retirement Make sure not to outlive savings	Maintain lifestyle in retirement Make sure not to outlive savings Not become a financial burden to loved ones
Top 3 Financial Worries	Household expenses Household debt Saving for retirement	The overall economy Household expenses Saving for retirement
Knowledge of Financial Products	5% Very knowledgeable 49% Somewhat knowledgeable 32% Not very knowledgeable 13% Not at all knowledgeable	14% Very knowledgeable 57% Somewhat knowledgeable 22% Not very knowledgeable 8% Not at all knowledgeable
Current Economic Standing	20% Doing well or 'upscale' 43% Doing OK or 'adequate' 37% Struggling to make ends meet or falling behind on bills	29% Doing well or 'upscale' 37% Doing OK or 'adequate' 34% Struggling to make ends meet or falling behind on bills
Confidence in Financial Decision Making	22% Very well prepared 63% Need help or need to catch up in many areas 15% Are self-described 'beginners'	37% Very well prepared 57% Need help or need to catch up in many areas 7% Are self-described 'beginners'
Risk Tolerance	49% Willing to take a risk for the opportunity of a greater financial reward 22% 'Enjoy' investing	70% Willing to take a risk for the opportunity of a greater financial reward 40% 'Enjoy' investing

Differences among ethnic groups

ASIAN AMERICAN

High rate of full-time employment (55%)
Most likely to be married/in a domestic partnership (66%)
Exhibit highest median income: \$77,000 vs. \$51,000
Upscale/doing well (28%)
Most likely to use a financial professional (47%)
Exhibit highest median savings/investable assets: \$58,600 vs. \$12,400
Highest concentration in the West (53%)

HISPANIC

Not becoming a financial burden to loved ones is the top financial priority (92%)
Taking care of extended family is a priority (73%)
Most likely to say "only interested in guaranteed/FDIC-insured products" (68%)
Least likely to "enjoy the sport of investing" (18%)
Most likely to have children (65%)
Median income just below average: \$50,600 vs. \$51,000
Lowest median savings: \$10,400 vs. \$12,400
Highest concentration in the West (39%)

AFRICAN AMERICAN

Having enough money to maintain their lifestyle in retirement is the top financial priority (94%)
More concerned about reducing personal debt (87%) and starting a small business (49%) than others
High rate of full-time employment (47%)
Most confident of all groups they will not outlive savings (60%)
Most optimistic about the economy in the next 12 months (54%)
Least likely to be married/in a domestic partnership (40%)
Among the lowest median savings: \$10,500 vs. \$12,400

WHITE

Somewhat more likely to have an advisor (36%)
Having enough money to maintain their lifestyle in retirement is an important financial goal (93%)
Least likely to be employed full time (33%)
Most likely to be married/in a domestic partnership (65%)
More likely to delegate financial decision making to spouse/partner (26%)
Median income just slightly above average: \$51,100 vs. \$51,000
Median savings just above average: \$17,000 vs. \$12,400
Highest concentration in the Midwest (27%)

KEY DIFFERENCES BY GEOGRAPHY

(State averages vs. national averages)

Californians exhibit higher ownership of IRAs, stocks and mutual funds

California

- Higher percentage of female breadwinners (28% vs. 22%)
- Higher percentage ahead of schedule for retirement planning (8% vs. 3%)
- Relatively higher ownership of IRAs, stocks and mutual funds (39% vs. 32%, 28% vs. 21%, 30% vs. 21%, respectively)

Florida

- Lower percentage of female breadwinners (11% vs. 22%)
- Higher percentage haven't started retirement planning (30% vs. 16%)
- Lower IRA ownership (17% vs. 32%)

Illinois

- Higher percentage of household do-it-yourselfers (28% vs. 19%)
- Lower percentage share household financial planning equally (22% vs. 35%)
- Higher ownership of individual stocks (28% vs. 21%)

In Michigan, nearly three times as many women delegate planning to their spouses

Michigan

- Higher percentage work with a financial professional (54% vs. 35%)
- Higher percentage delegate planning to their spouse (23% vs. 8%)
- Relatively higher ownership of IRAs, defined contribution plans and mutual funds (52%, 18%, 40%, respectively)

New York has a higher proportion of financial do-it-yourselfers

New York

- Higher percentage of female breadwinners (28% vs. 22%)
- Higher percentage household do-it-yourselfers (32% vs. 19%)
- Higher ownership of disability insurance (18% vs. 6%) and annuities (15% vs. 10%)

North Carolina

- Lower percentage "right on track" (6% vs. 21%)
- Higher percentage feel they are "very well prepared to make wise decisions" (35% vs. 22%)
- Higher percentage own IRAs (37% vs. 32%)

Pennsylvania

- Lower percentage work with a financial professional (26% vs. 35%)
- Higher percentage feel they need to catch up their financial planning in many areas (41% vs. 25%)
- Higher percentage own life insurance (56% vs. 39%)

Texas has the highest percentage of married female breadwinners

Texas

- Lower advisor usage (25% vs. 35%)
- Higher percentage of female breadwinners (30% vs. 22%)
- Lower stock ownership (13% vs. 21%)

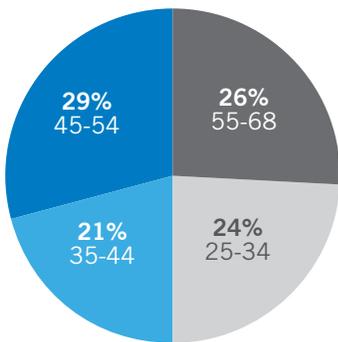
ABOUT THE STUDY

This is Prudential's 7th biennial study on the *Financial Experience & Behaviors Among Women* surveying women's attitudes, behaviors, financial knowledge, goals and confidence in meeting those goals. This survey polled 1,410 American women and 604 American men between the ages of 25 and 68. The results reflect the makeup of the entire female population including diverse ethnic segments, with a margin of error of $\pm 2.18\%$.

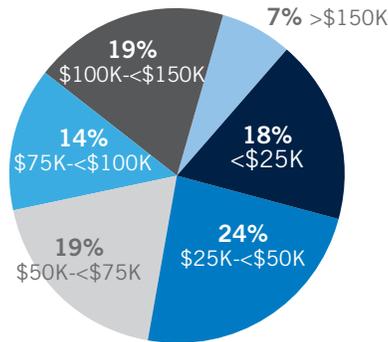
Respondents are panelists in the Harris Interactive Poll Online. No income or financial decision making qualifications were required to participate in the study.

2012 Women Respondents

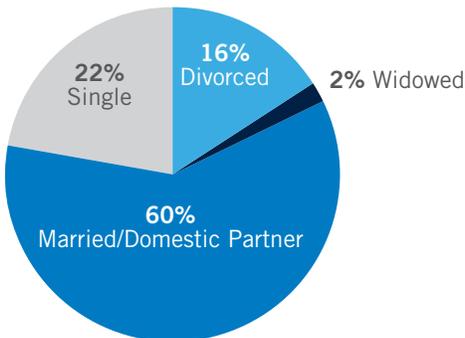
Age Median Age 46



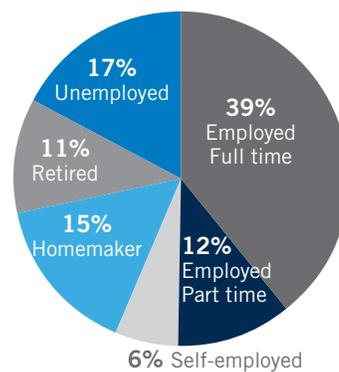
Household Income Median Income \$51K



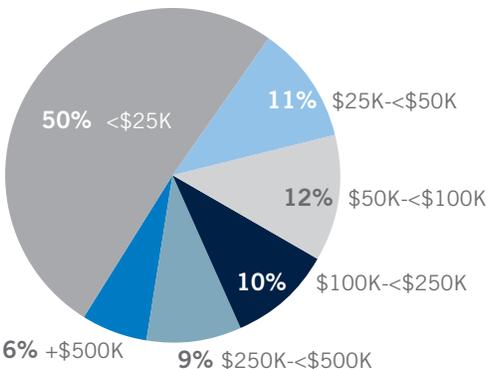
Marital Status



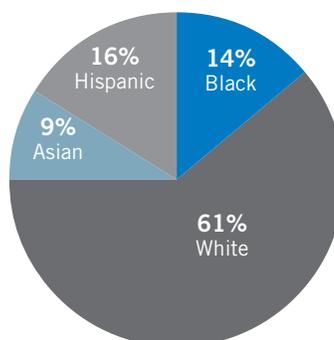
Employment Status



Savings Median Savings/Assets \$12.4K



Ethnicity





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