

The 'Life Advisor' Series

# HOW TO ENSURE YOUR RETIREMENT ADVICE FOR WOMEN INVOLVES MORE THAN JUST BUILDING A NEST EGG

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This paper is the first in a series where we explore what it takes to be a financial professional who identifies as a “retirement planning professional.” In other words, a person prepared to help clients shift from *building* a nest egg to *spending* it, which are two vastly different experiences. We hope the papers included in this series will prove helpful to both financial professionals and the clients they serve.

By 2024, approximately 12,000 people in the U.S. will turn 65 every day (aka [Peak 65](#)).<sup>1</sup> Meanwhile, there will be more people in the U.S. over the age of 65 than there are children by 2030.<sup>2</sup> This Peak 65 wave is coming, and financial professionals have a choice—surf it or get pulled into the undertow.

## THE OPPORTUNITY IS HERE. BUT WILL ADVISORS SEE IT?

Women are the mighty majority in many areas of U.S. society. They represent the largest percentage in the overall [U.S. population](#),<sup>3</sup> they earn more undergraduate and graduate [degrees](#) than men,<sup>4</sup> and by age 65, there are 125 women for every 100 men (at age 85, there are 178 women for every 100 men).<sup>5</sup> Surveys predict women will control a third of all U.S. [assets](#) by 2030—more than \$30 trillion.<sup>6</sup>

Studies also show women have investment talent. From outperformance to better self-control (men have more overconfidence and overactivity), women show they are [prudent investors](#).<sup>7</sup>

Women also have a lot of money in motion. McKinsey reports that 70% of widows say that they [change advisors](#) after their spouse’s death.<sup>8</sup> [Widows](#) (8.8 million) also outnumber widowers (2.6 million) almost 3-to-1 in the U.S.<sup>9</sup>

## WOMEN HAVE UNIQUE NEEDS

Women are not a “one size fits all” demographic. Every woman has a lived experience as unique as a fingerprint. They do, however, share many financial similarities. Since women have a [longer life expectancy](#) than men,<sup>10</sup> they have more years to fund in retirement. Unlike prior generations, only 15% of private industry workers have a [pension](#) plan.<sup>11</sup>





Meanwhile, the persistent [wage gap](#) between men and women (women earn between 54% and 83% of what men do for similar jobs)<sup>12</sup> continues to hinder their lifetime savings. More than 65 million women provide [unpaid care](#) in the form of childcare, family care and eldercare, and most women do so while also holding full or part-time jobs.<sup>13</sup>

To compound things further, women also face cognitive decline at a much greater rate than men. Women make up two-thirds of all [Alzheimer's](#) cases, and starting at age 45, a woman's lifetime risk for developing Alzheimer's is approximately one in five versus one in 10 for men.<sup>14</sup> According to Milliman, a 45-year-old woman retiring at 65 can expect to spend \$265,000 in out of pocket (OOP) [medical expenses](#) in her lifetime.<sup>15</sup>

"[Gray Divorce](#)" (a divorce after the age of 50) affects women more negatively than men as women experience a 45% decline in their standard of living (measured by an income-to-needs ratio), whereas men's dropped by just 21%.<sup>16</sup> Connected to this trend is also the fact that 49% of women over the age of 65 (vs 21% of men) are unmarried/separated/divorced/widowed and 75% report they are not looking to date or be in a [relationship](#).<sup>17</sup> Being a single head of household has significant cost considerations.

## HOW FINANCIAL PROFESSIONALS CAN HELP WOMEN

Successful financial professionals know how important their female clients are to their practice. By being aware of these unique challenges, they can help women plan for the expected (and the unexpected) in retirement.

According to the [2023 Protected Lifetime Income and Planning Study \(PRIP\)](#):<sup>18</sup>

- When asked if women *live longer* than men, 77% of financial professionals agreed versus 63% of investors. This **14-point gap** indicates financial professionals can help educate clients on actual longevity risks.
- When asked if women *make less money* over their lifespans than men do (on average), 29% of financial professionals agreed versus 40% of investors. This **11-point gap** indicates financial professionals may need to pay closer attention to the gender pay gap.
- When asked if women have *less experience* managing finances than men, 37% of financial professionals agreed versus just 17% of investors. This **20-point gap** signals financial professionals might need to check for bias when assessing women's acumen.

36%  
OF MEN

53%  
OF WOMEN

Say their retirement savings and sources of income will NOT last their lifetimes

56%  
OF MEN

41%  
OF WOMEN

Say their advisor discusses annuities with them

37%  
OF MEN

48%  
OF WOMEN

Say they are interested in owning an annuity that guarantees steady lifetime income

• When asked if women *invested more conservatively* than men, 33% of financial professionals agreed versus 22% of investors. This **11-point gap** also points to potential bias. It also begs the question—what is conservative? If women are aware of their risks in retirement—longer lifespans, higher health costs, widowhood/singlehood—maybe “risk aware” is a better description than “conservative?”

Additionally, the study highlighted the concerns women have about running out of money in retirement and the desire for investments that offer guaranteed lifetime income:

- When asked if they think their *retirement savings and sources of income will NOT last* their lifetimes, 53% of women agreed versus 36% of men. This **17-point gap** points to women’s awareness of their additional financial burdens.
- When asked if their *advisor discusses annuities* with them, 41% of women agreed versus 56% of men. This **15-point gap** indicates a client educational opportunity for financial professionals.
- When asked if they are *interested in owning an annuity* that guarantees steady lifetime income, 48% of women said yes versus 37% of men. This **11-point gap** indicates women are looking to have this conversation with their financial professionals.

## CONCLUSION

To become the trusted “life advisor” to women who are planning for or are currently in retirement, financial professionals need to lean into their EQ (i.e. emotional intelligence) as much as their IQ (i.e. investment expertise) to ensure that women are seen and heard.

Ask your clients [powerful, open-ended questions](#)<sup>19</sup> about what they envision for themselves in this stage of life. This will enable you to chart a course (e.g., a formal plan) on how to get them there. Gone are the days of simply building a nest egg. Women need to “hatch” their eggs and create an [income plan](#),<sup>20</sup> to ensure their money lives as long (or longer) than they do.

## THREE TIPS TO BE THE LIFE ADVISOR WOMEN CHOOSE



**1. Use qualitative onboarding/client review documents like a values assessment, life goals, and a “Worry List.”** These can help you move beyond simply talking about her investments and be great tools when creating a formal financial plan. Make sure if you are working with a couple, **each person completes** the documents and you **review them in person**. Listening to a spouse (who might feel overshadowed) can be a very empowering experience and signal you see them.

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**2. Monitor your listening skills.** Studies continually show that we talk much more than we listen, especially if we work in an advice field. Use open-ended questions and watch the clock. There is power in inviting someone to talk about herself. And as you work with couples, make sure each person has equal time to share thoughts. Thinking of yourself as a [financial therapist](#)<sup>21</sup> can help you stay in this mindset. If your client struggles with sharing, use [mirroring techniques](#)<sup>22</sup> to get them started.

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**3. Offer additional resources and education.** Women’s financial lives go well beyond what to own in their investment portfolios. They want help around their career (think negotiation skills), childcare, eldercare, divorce, widowhood, long-term care, and estate planning. And when it comes to retirement, don’t forget many women still struggle with the [Bag Lady Syndrome](#).<sup>23</sup> Emotions play a huge role when it comes to money. While 75% of women report a high degree of knowing how to build their savings, less than half know how to make it [last throughout retirement](#).<sup>24</sup> Make sure you review protected income sources like social security, pensions, and [annuities](#)<sup>25</sup> for their essential expenses in retirement. For many of the unique reasons mentioned earlier, Peak 65 women (age 61-65), are more interested in annuities than men. Having secured income can help them feel safe, secure and ensure they choose you as their Life Advisor.

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