FINANCIAL FINESSE

Gender Gap in Financial Wellness
REPORT

2016

Abstract

The Financial Finesse Gender Gap in Financial Wellness report is an annual review of the financial wellness gap that exists between women and men in the workforce. It examines a variety of financial behaviors and outcomes, as well as the societal, psychological and practical barriers to gender parity when it comes to cash flow issues, retirement preparedness and other aspects of financial wellness. The report offers suggestions for employers and individuals to help close the gap and promote total financial wellness for all employees.

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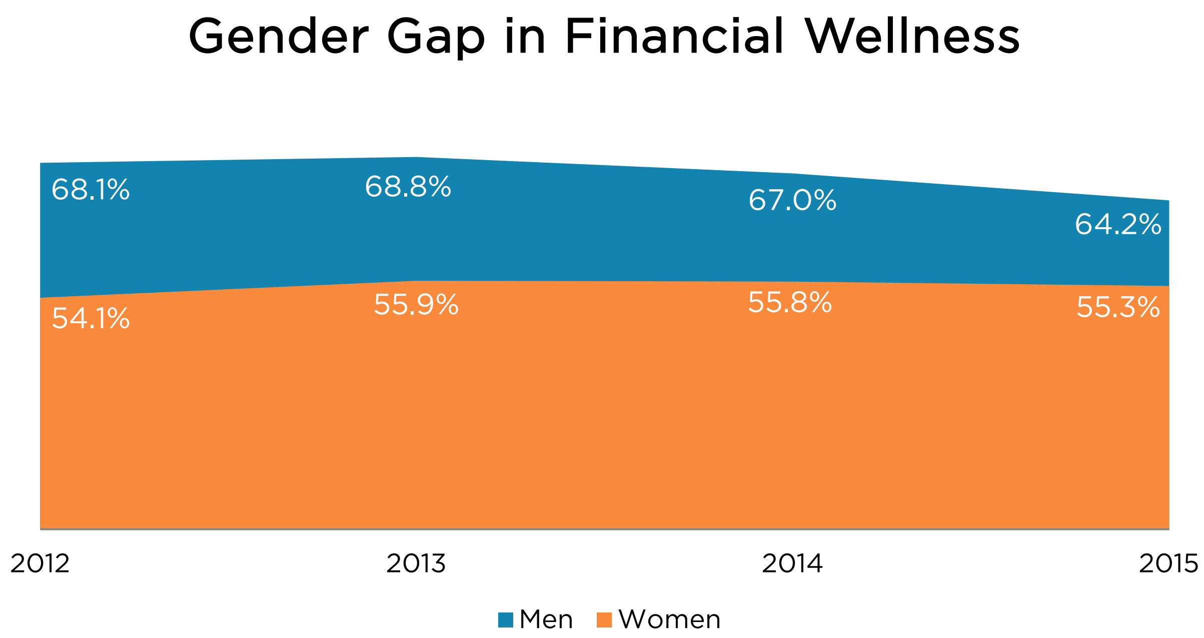
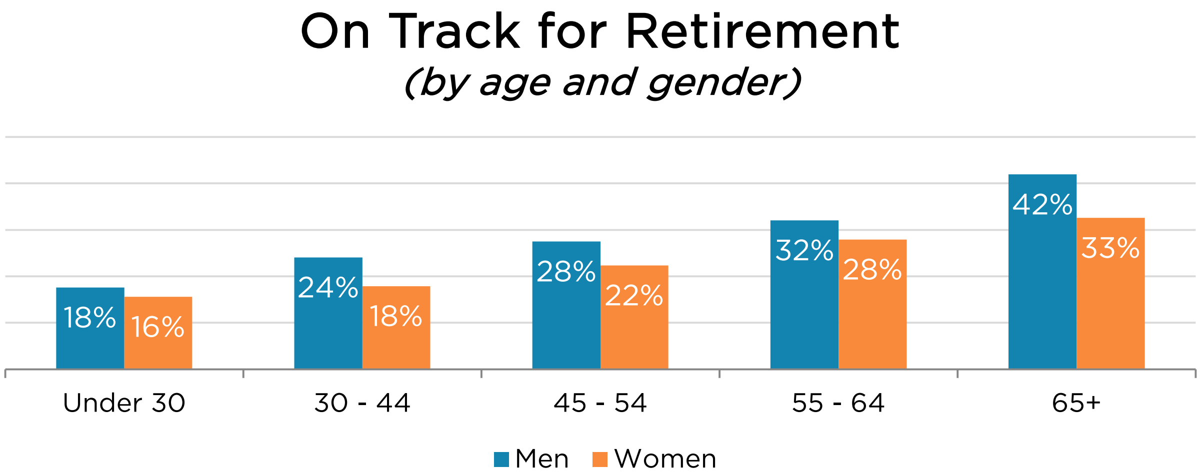
Executive Summary

This year's annual Gender Gap in Financial Wellness study continues to show women making positive changes to their finances and closing the gap with men across the generations. The Gender Gap in Financial Wellness has closed to 8.9 percentage points, a 37 percent improvement since 2012. While the gap is narrowing, part of the closure is due to men's backsliding, a troubling trend that shouldn't get lost in the efforts to increase women's financial wellness.



To demonstrate the consequences of this gap, the report drills down into issues specific to Millennial women and the time sensitive but tremendous opportunity they have to get a jump start on their long-term financial security. Considering that many young women expect some type of earnings gap later in their careers, either chosen for events such as child-rearing or pursuit of "passion jobs," or unexpected events like caring for aging parents or extended illness, we calculated the financial effect of those breaks. These numbers encourage young women to prioritize saving for the future in order to minimize the financial effects of these breaks. Statistics show cause for concern: only 16 percent of women under age 30 know that they are on target to achieve their retirement income goals—a number exacerbated by the fact that 61 percent of Millennial women polled by Wells Fargo say they are stretched "too thin" to save for retirement, and 44 percent say they have not yet started to save for retirement[i].

While the Gender Gap in Financial Wellness is narrowing on average overall, it is still quite wide in the areas of investing and money management, which presents special challenges for women who will generally need to save more than men to fund retirement, particularly if they take a break from the workforce. But it is encouraging to see that the gap is relatively narrow or even non-existent in risk management, estate planning, and retirement plan participation. This shows that women are paying attention and taking steps to improve their financial wellness proactively – an outcome that helps all workers and employers. Corporate employers are uniquely suited to address this gap, as our data shows that working women are more likely than men to take advantage of financial education and coaching provided by their employers.



Key Trends

- Women are becoming more proactive and are slowly becoming better prepared for retirement, but they face even higher hurdles than men due to longer life expectancies, higher lifetime healthcare costs, lower median savings, and lower median income.
- Increased knowledge, confidence, and investing behavior have helped women narrow the investment gap, but work is still needed.
- The Gender Gap in Financial Wellness narrows with age.
- The Gender Gap in Financial Wellness is smallest where it comes to issues related to taking care of kids and family: protecting the family through insurance and estate planning, and preparing for college expenses.
- The percentage of women who have taken a loan or hardship withdrawal from their retirement plan has fallen by almost one-third, further evidence of improving money management behaviors.
- Millennials have the lowest Gender Gap when it comes to having an emergency fund in place – this gap grows with age.

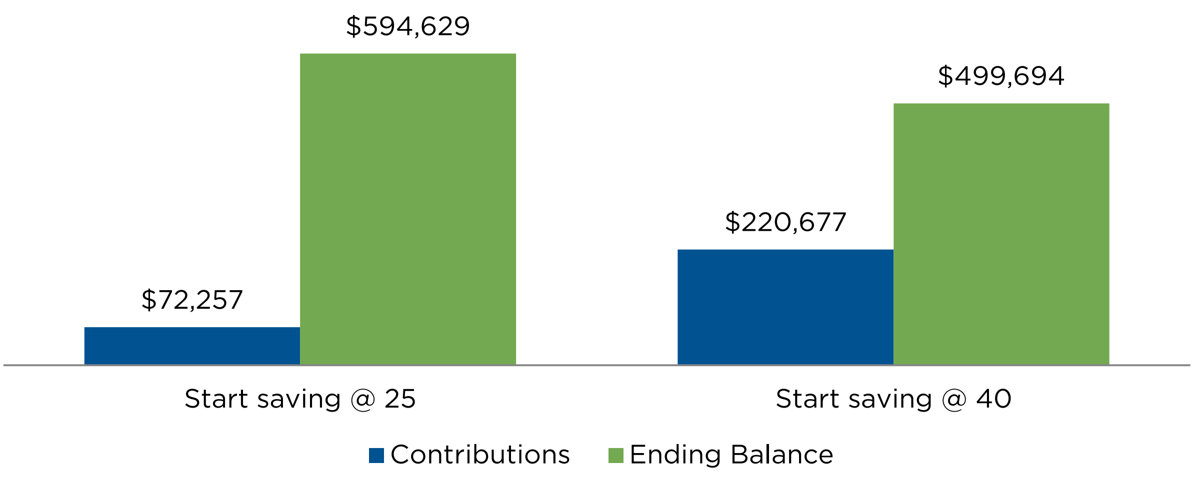
In the Spotlight: Millennial Women

Workers across the board are not saving enough for retirement, but Millennial women (under age 30) are the furthest behind. Money management issues are getting in the way of being able to prioritize longer-term saving. One-third of Millennial women are living beyond their means, and more than one-fifth are leaving money on the table by not contributing enough to their retirement plan to receive the full amount of employer matching contributions.

Sixty-two percent of Millennials envision a phased transition into retirement[ii], which could explain some of the reason for under-saving. But despite the average American workers' expectation of working until at least age 66, the average age of actual retirement is closer to 61[iii], demonstrating that the choice to work longer may not always be an option, and the need to save earlier may be higher than perceived. Add in that nearly four in ten women have reported voluntarily taking some type of career break[iv] and the effect of under-saving is exacerbated.

The overlying message that all employers should be sending to employees is that the earlier you start saving, the more you'll have later, even if you do take a savings "break" for various reasons. For example, a 25-year-old woman who saves 10 percent of her income for the first 15 years of her career then stops will contribute nearly $150,000 less and have almost $95,000 more than someone who waits until 40 and saves until 65[1].

The Advantage of Saving for Retirement Early



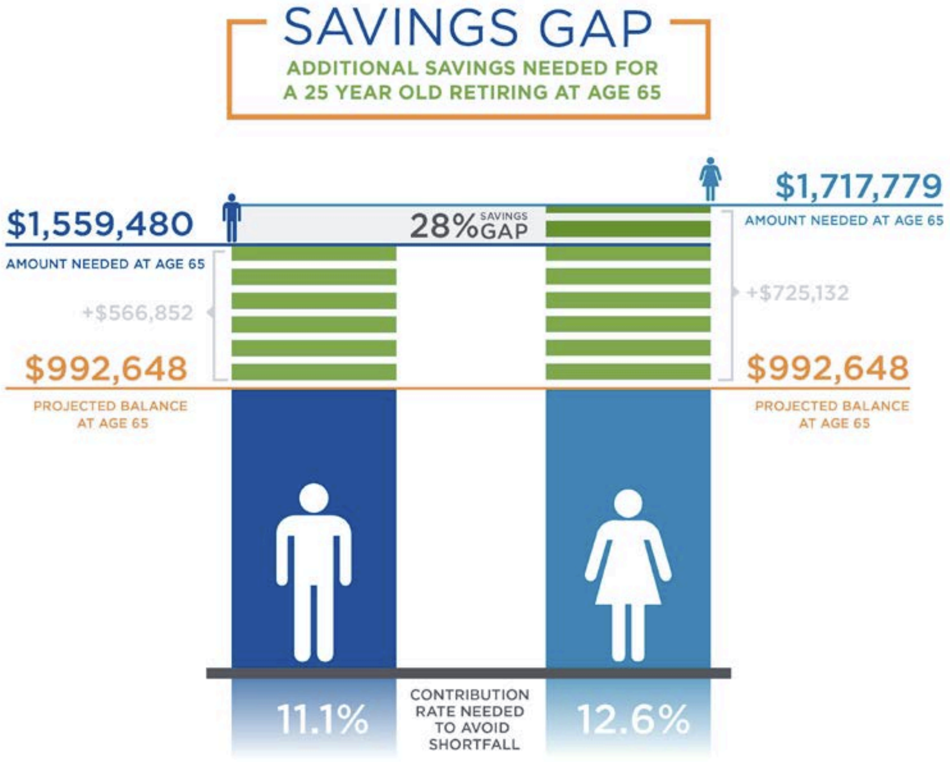
[1] Assumes $38,850 starting annual salary with 3% wage inflation and 6.5% average annual return compounded monthly.

We've highlighted four critical areas where employers have an opportunity to assist women in closing the financial wellness gap. These areas, if left unaddressed, can cause significant long-term issues for women:

1. Retirement Under-preparedness

It is estimated that the median 25-year-old worker who works full-time for 40 years, retiring at age 65, needs to save between $1.5M and $1.7M in order to meet the projected average annual expenditures for a person age 65 and older. Neither gender is saving enough for retirement, but due to increased longevity and healthcare costs, women need to save more than men as a rule to ensure they have adequate savings to fund their retirement.

It's important to note that financial planning for women who are in a lifelong committed relationship should be a joint effort with their partner, but even those in the most secure marriages need to be conservative with saving due to the increased chance of financial independence related to widowhood or divorce. Between 1990 and 2010, the divorce rate for people over 50 doubled[v], which is especially dangerous to women as research finds that 27 percent of "gray divorced" women (generally considered women divorced after age 50) are classified as poor[vi].



*See Methodology for an explanation of assumptions.

When we examine how much additional savings a typical 25-year-old man and woman may need in order to cover average projected expenses in retirement, we find that women lag 28 percent behind men. In order to save enough to cover projected expenses, women need to save 12.6 percent of their income compared to 11.1 percent for men.

2. The Effect of Career Breaks

Women are more likely than men to experience breaks in their career. To quantify the financial effect of these breaks, we've identified three common career paths and compare the potential savings gap of each to that of a typical 25-year-old female worker.

Early Career Break from age 35 - 45

Women account for 55 percent or more of college undergraduates, and while there is a growing trend of fathers taking time out of the workforce to care for children, women are still more likely to choose to be stay-at-home moms despite earning college degrees and often even carrying student loan debt into their stay-at-home years. Much has been debated about the economic loss of this choice, including the experience of highly educated women finding it nearly impossible to reclaim their career status once they are ready to re-enter the workplace after rearing children. There are numerous non-financial reasons that women choose this route despite the loss of lifetime earnings and savings, but for those who are considering that diversion to their career, it's important that they fully understand all the implications for future retirement savings.

The earlier a young woman chooses to leave the workforce, even when she returns after a decade, the higher percentage of income she must save in order to adequately meet her spending needs after age 65. The reason earlier breaks hurt long-term savings opportunities more is due to compound interest. Employees who "front load" savings by putting a higher percentage of pay away in their early career are mathematically more likely to succeed at retiring comfortably even if they pull back on savings later in their careers.

Young women who anticipate taking a career break in their 30's to care for children or for any other reason should especially prioritize savings in their 20's in order to overcome the loss of savings while they are not working. We calculate that the median 25-year-old woman should save about 25 percent of her income in order to stay on track for retirement at 65 if she plans to take a ten-year career break in her 30's.

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THE EFFECT OF CAREER BREAKS ON THE GENDER GAP IN RETIREMENT SAVINGS

	NO CAREER BREAK	NO CAREER BREAK	EARLY CAREER BREAK	MID CAREER BREAK	LATE CAREER BREAK
	AGE 25-65	AGE 25-65	AGE 35-45	AGE 45-55	AGE 55-65
SAVINGS NEEDED FOR ADEQUATE RETIREMENT INCOME	$1,559,480	$1,717,779	$1,927,424	$1,870,248	$1,813,072
PROJECTED NEST EGG AT AGE 65	$992,648	$992,648	$619,945	$759,267	$857,185
PROJECTED SHORTFALL	$556,832	$725,132	$1,307,479	$1,110,981	$995,887
GENDER GAP IN RETIREMENT SAVINGS SHORTFALL	0%	28%	131%	96%	69%
ANNUAL SAVINGS RATE REQUIRED TO AVOID SHORTFALL	11.1%	12.6%	25%	19.2%	16%

Mid Career Break from age 45 -55

Another career path that a woman may choose to take is a mid-career break to pursue what some deem “passion work,” or activities that offer either no pay or very little pay such as supporting charitable work or starting a business that may take several years to achieve the same profitability or savings levels that her previous employment offered. We calculate this career break to contribute to an approximate $1.1 million retirement savings shortfall, which would require a savings level of just under 20 percent to overcome.

Late Career Break from age 55 - 65

Finally, many women find themselves taking unplanned time out of their careers later due to family needs, typically caring for aging parents. These situations especially exacerbate the need for women to save more than men earlier in their career, not only to overcome the need for additional savings due to longevity and higher healthcare costs, but to allow her to take this time without delaying retirement. A woman who leaves the workforce at 55 to take care of family members or friends would need to save 16 percent of her income during her working years to avoid the potential $955,000 shortfall at age 65.

3. The Investing Confidence Gap

The largest difference between men and women in their Financial Wellness Scores that remains is in investing and money management, although the difference continues to narrow. We call this a "**confidence gap**," as it's where men show much more confidence in their financial decision-making than women. This is one of the more dangerous gaps, as it can take much more to close than just women changing behaviors. For example, a man who has a good year investing is more likely to assert that he is satisfied with his investing knowledge and outcomes. Women, on the other hand, tend to take a more long-term view so even when a woman has a particularly good year, if she doesn't understand why or how, she still may not agree that she has investing knowledge or confidence.

Ironically, this over-confidence of men can lead to less favorable outcomes as men are more likely to engage in excessive investment trading, which harms long-term performance. Women, on the other hand, tend towards caution which leads to less unnecessary risk taking and a higher likelihood of achieving investing goals over the years. Validating this behavior is an important part of improving the Gender Gap.

Closing the confidence gap is a key to reducing the Gender Gap in Financial Wellness. Women are more likely to feel more confident about their financial decisions when they have done their homework and understand complex terms and choices. Workplace financial education efforts should emphasize hands-on learning that helps change financial behavior and increases financial confidence in order to achieve real world results.

4. Estate Planning & Life Insurance Concerns

While the gender gap around estate planning and life insurance is small or non-existent, the low percentage of both genders who have adequately addressed these areas is of special concern to women. There are over four times as many widows as widowers in the United States[vii], meaning this lack of planning is over four times more likely to adversely affect women employees than men. Losing a spouse without proper estate planning documents in place such as a will or without life insurance to address the loss of income can be financially devastating to a family.

Encouraging women employees to not only address their own estate planning and life insurance needs but also ensuring their spouse has adequately planned is a key way to address this planning gap.

Estate Planning	Women	Men
I have made sure that my beneficiary designations are up to date	80%	78%
I have written up legal documents such as a will or trust	23%	25%

Insurance	Women	Men
I carry enough life insurance to replace my income	41%	47%
I have Long-Term Disability insurance in place to replace my salary in case I am unable to work	51%	53%

What Employers Can Do

While Millennials have a reputation of job-hopping, they show loyalty to employers who they perceive are looking out for their well-being. Helping women employees address these needs can decrease turn-over, a key to success with companies with large Millennial populations. Replacing an employee who leaves can cost up to 50–60 percent of an employee's annual salary[viii].

Here are some ways that employers can engage women in the workforce to potentially keep them from leaving at some point in their career:

- **Longer parental leave** – Not just for mothers, but for fathers too. The Department of Labor reports that families with fathers who take more paternity leave also share more family responsibilities, which allows the mother to continue to work outside the home more successfully[ix]. In fact, a Swedish study found that when fathers take more paternity leave, mothers actually increased their earnings[x], which typically leads to better financial wellness for the entire family.

- **On-site childcare** – The absence of affordable, high quality child care continues to be the reason many women leave the workforce, particularly in lower-income jobs. Solving this problem by providing care on-site or subsidizing care is a key retention strategy and can even offer a strong ROI. A 2005 "Kids at Work" study found a 50 to 200 percent cost savings for employers who offered child care at work[xi]. Another study found that 48 percent of employees with access to child care subsidies through work were more likely to stay[xii].

- **Financial mentorship** – Boosting a Millennial employee's Financial Wellness Score by just one point through modest behavior changes including having a small emergency fund in place or paying down debt can lead to a 15 percent increase in their long-term retirement savings. Considering that women employees are the majority users of workplace financial wellness programs, making this financial mentorship available can be a key factor in retaining all women in the workforce.

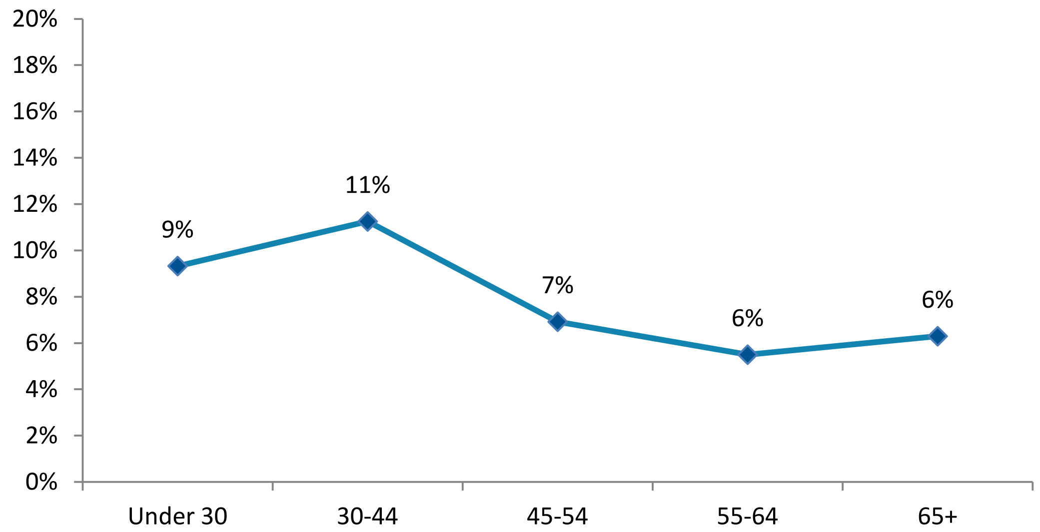
- **Provide targeted educational offerings that proactively reach out to women in various life stages on topics that match their interests and goals** – The financial wellness gap is largest for ages under 45. Employers should provide financial education for women in this age demographic that is collaborative and actionable. Topics should include areas that women have prioritized such as cash and debt management as well as those areas that have more "dangerous" gaps like retirement preparedness and estate planning.

- **Encourage women to engage spouses in planning.** Women continue to become more involved in making financial decisions for themselves and their family, either on their own or with a spouse. According to LIMRA's Secure Retirement Institute research, two-thirds of women aged 50 and older share financial decision making responsibilities in their households[xiii]. In the Ameriprise Financial *Women and Financial Power* study, 41 percent of women of all ages claimed sole financial decision making for their households[xiv]. Engaging both partners in financial wellness activities helps to strengthen relationships and can help solve the lack of proper estate planning and life insurance for both men and women.

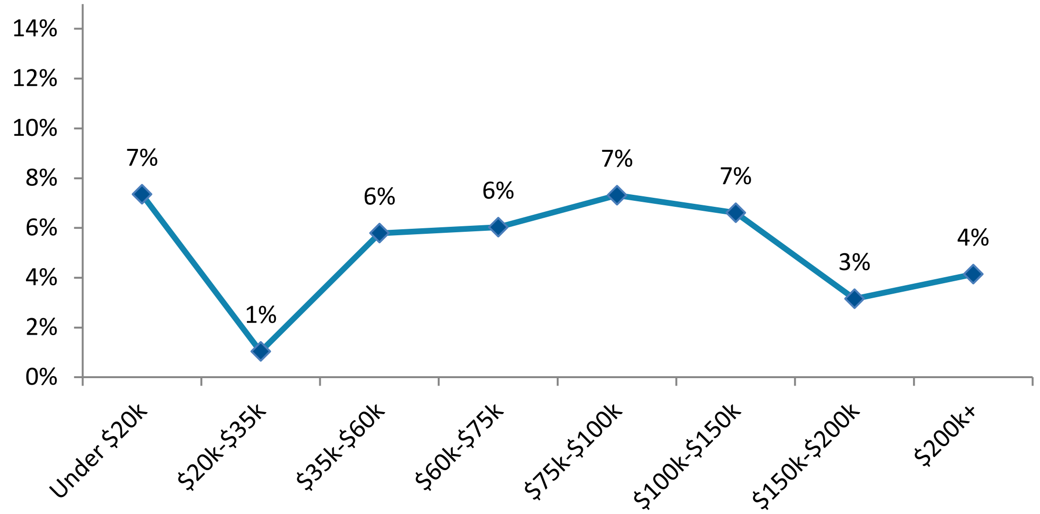
Implementing these strategies to retain Millennial women benefits all members of an employer's workforce. As the workplace continues to evolve to meet the needs of women and younger employees, employers who embrace these strategies will come out ahead, not only in retaining a more talented and more productive workforce, but in promoting a more financially healthy society.

Impact of Age and Income on the Gender Gap

Average Gap in Financial Wellness between Women and Men by Age[2]



Average Gap in Financial Wellness between Women and Men by Income



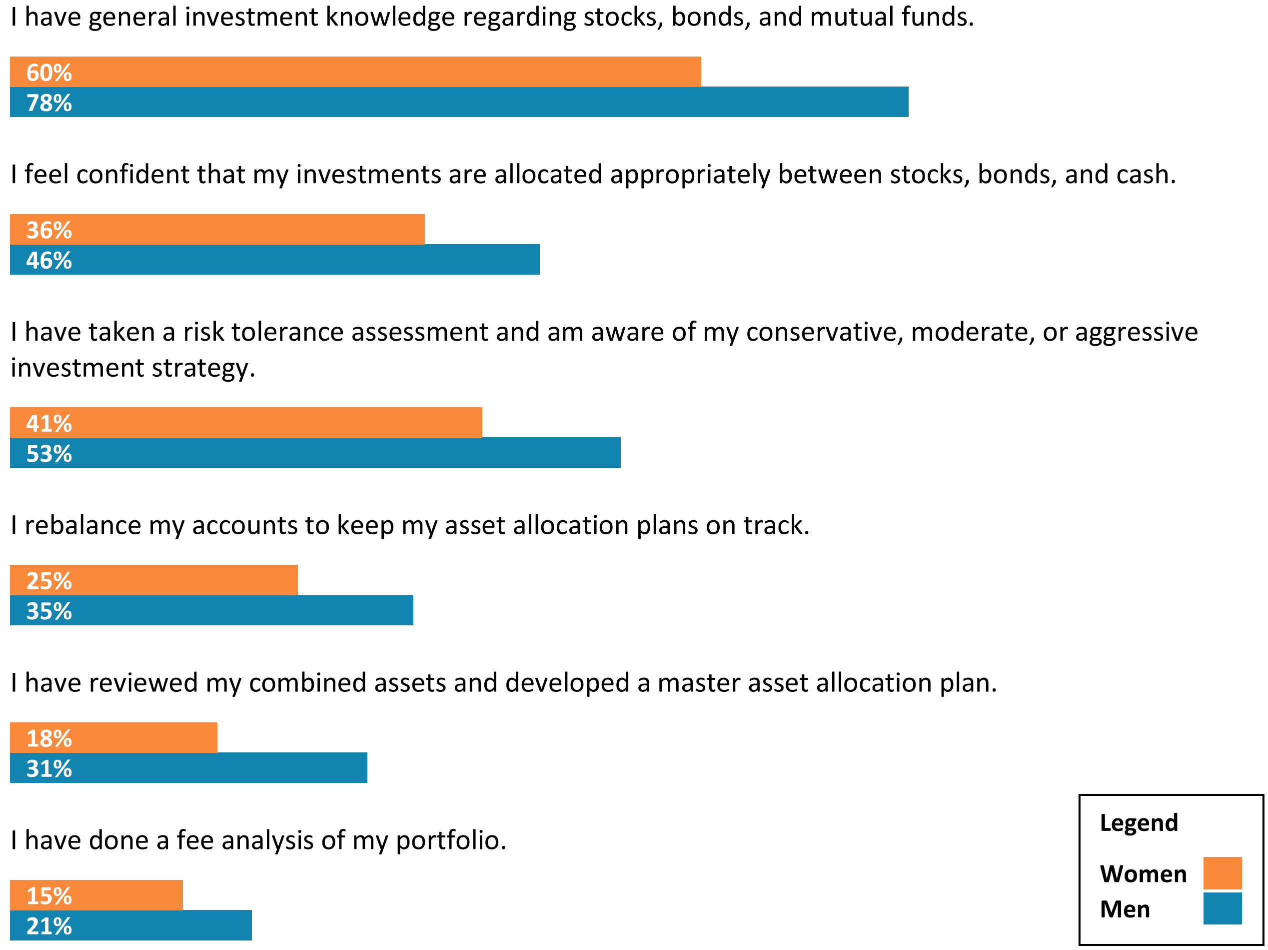
[2] All figures are rounded to the nearest whole percentage.

Responses to Online Financial Planning Questionnaire

2015 Breakdown by Gender

The charts below show how men and women responded to financial planning questions on a personal financial wellness assessment[3]. The questions are grouped into 7 key financial planning topics, which are labeled 1-7 and are represented in descending order from the topic with the largest gender gap to the one with the smallest.

1. INVESTING



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[3] Users who assessed their own financial situation: January 1, 2015 through December 31, 2015. All figures are rounded to the nearest whole percentage.

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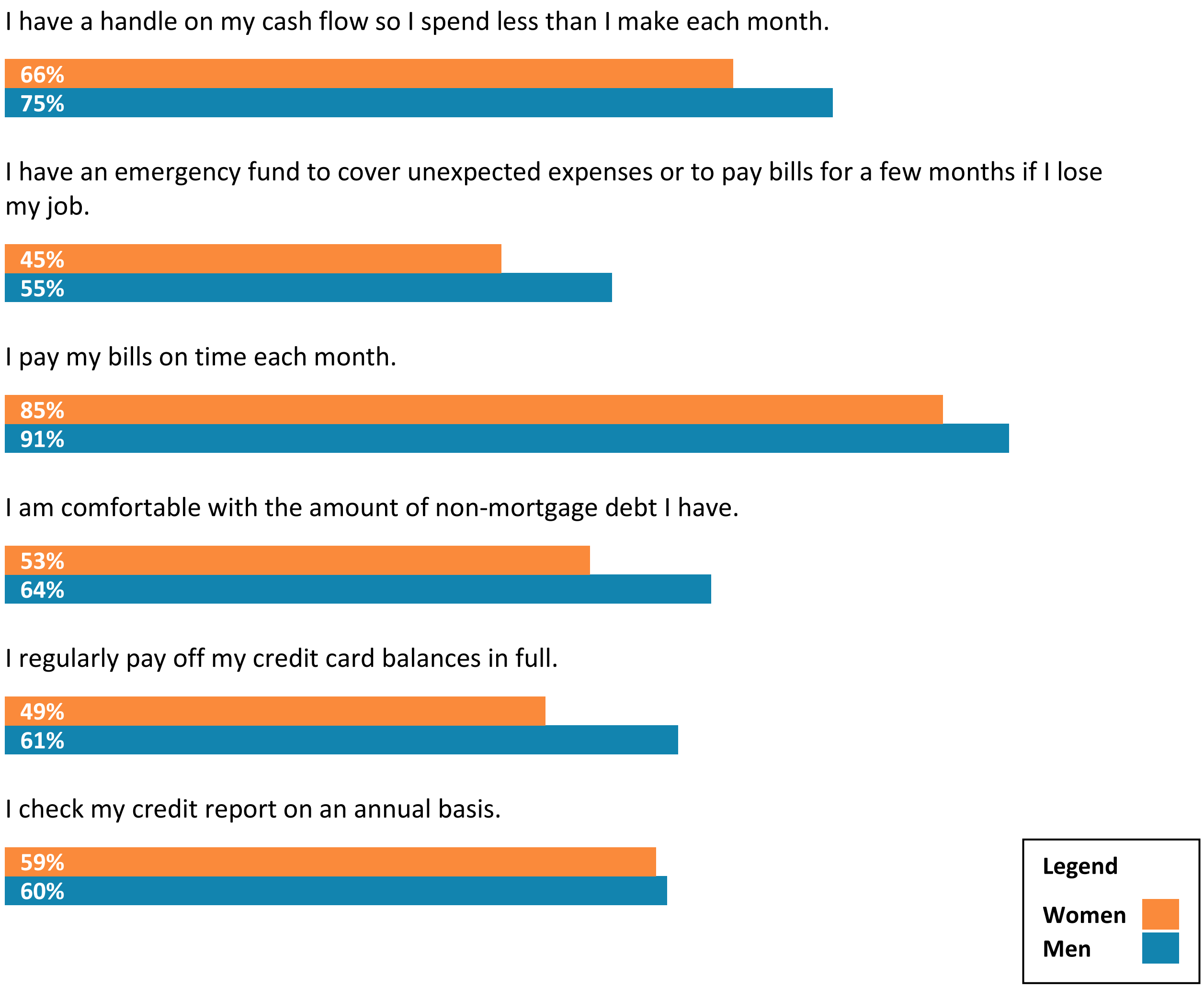
2. MONEY MANAGEMENT



3. TAX PLANNING

I know my marginal tax bracket.

I adjust my withholding each year so I neither owe nor receive a large refund.

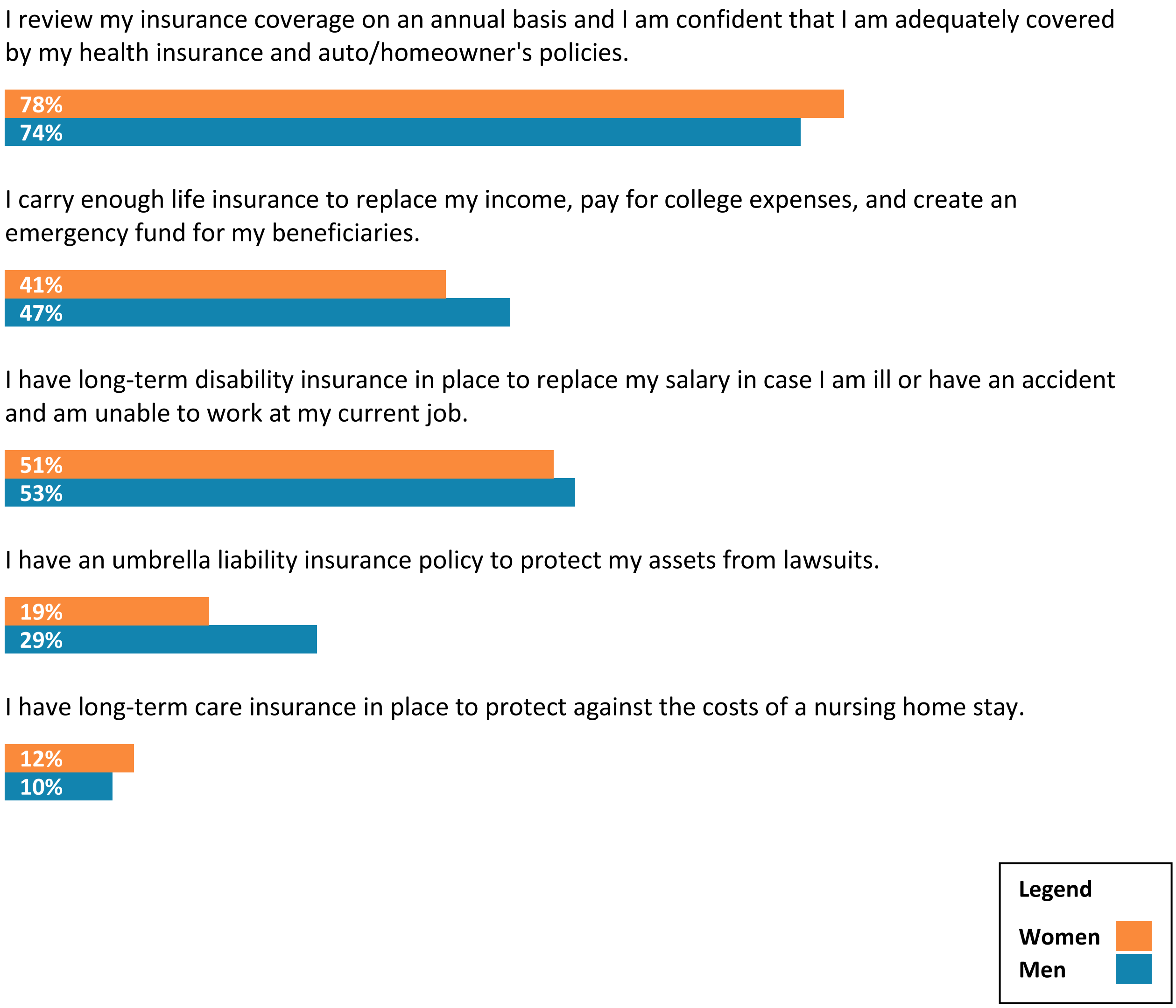
I understand the tax implications of my investment and retirement accounts.

To my knowledge, I maximize all available federal tax credits and deductions to reduce my tax liability.

Legend

Women
Men

4. INSURANCE


I review my insurance coverage on an annual basis and I am confident that I am adequately covered by my health insurance and auto/homeowner's policies.
78%
74%
I carry enough life insurance to replace my income, pay for college expenses, and create an emergency fund for my beneficiaries.
41%
47%
I have long-term disability insurance in place to replace my salary in case I am ill or have an accident and am unable to work at my current job.
51%
53%
I have an umbrella liability insurance policy to protect my assets from lawsuits.
19%
29%
I have long-term care insurance in place to protect against the costs of a nursing home stay.
12%
10%
Legend
Women
Men

5. RETIREMENT PLANNING

I participate in my company's retirement plan.

I capture the company matching funds in my 401(k), 457 or 403(b) plan by saving up to the matching percentage.

I contribute to a traditional or Roth IRA.

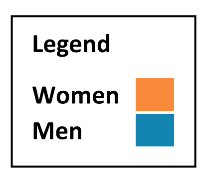
I know I am on target to replace 80% of my income or my goal in retirement.

6. COLLEGE PLANNING

I know how much I need to save for college costs and am on track to meet that need.

I currently contribute to a 529 College Savings Plan, a Coverdell Savings Account, or other tax-advantaged account to save for college expenses.

I understand the financial aid options that may be available, including grants, scholarships, student loans, etc.

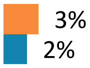


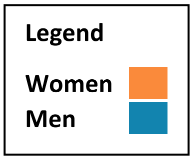
7. ESTATE PLANNING

I have made sure beneficiary designations on my insurance and retirement plans are up to date.

I have written up legal documents such as a will or trust and made decisions about who should receive my assets and who should raise my children.

I have met with an estate planning attorney or financial planner to create an estate plan.

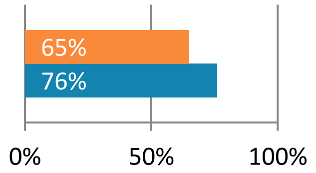




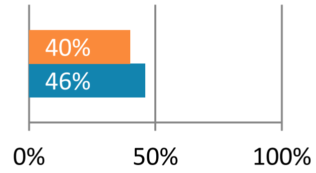
Breakdown by Demographic

Gaps between Women and Men: Under Age 30[4]

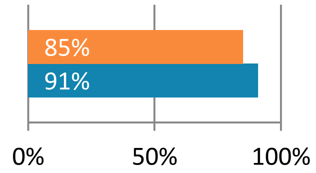
I have a handle on my cash flow so I spend less than I make each month.



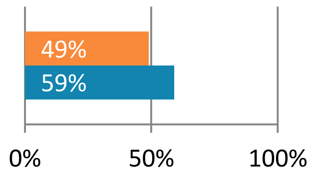
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



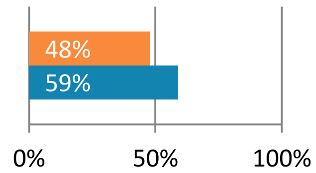
I pay my bills on time each month.



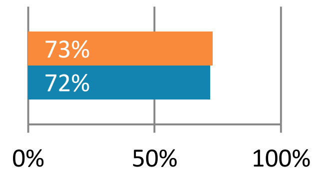
I am comfortable with the amount of (non-mortgage) debt I have.



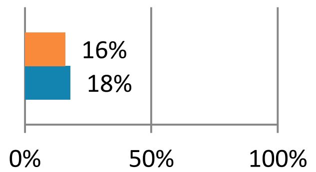
I regularly pay off my credit card balances in full.



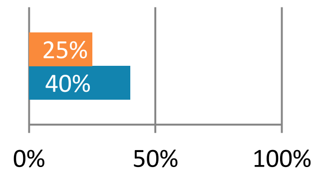
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



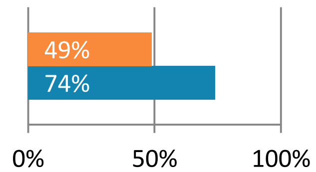
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



I have at least a general knowledge in investing and I am comfortable with the basics.

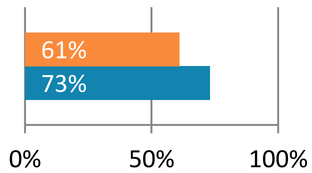


Legend
Women
Men

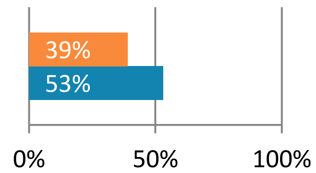
[4] All figures are rounded to the nearest whole percentage.

Gaps between Women and Men: Age 30-44

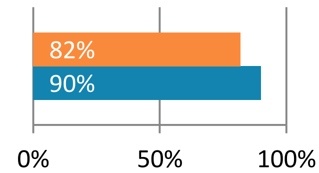
I have a handle on my cash flow so I spend less than I make each month.



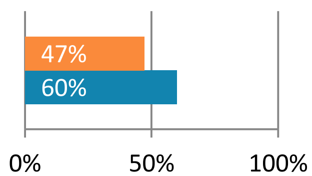
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



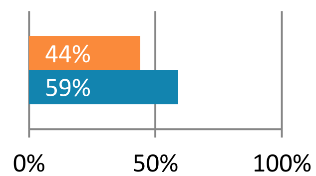
I pay my bills on time each month.



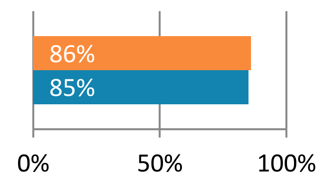
I am comfortable with the amount of (non-mortgage) debt I have.



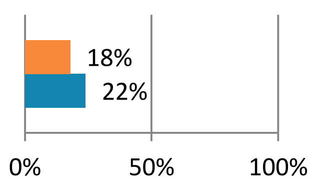
I regularly pay off my credit card balances in full.



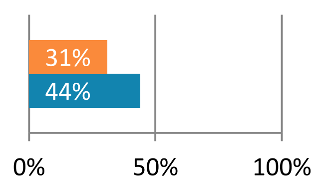
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



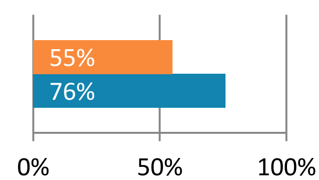
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



I have at least a general knowledge in investing and I am comfortable with the basics.



Legend
Women
Men

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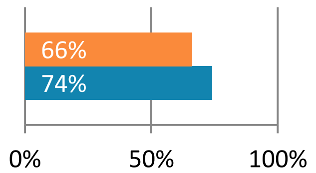
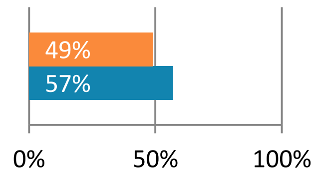
Gaps between Women and Men: Age 45-54

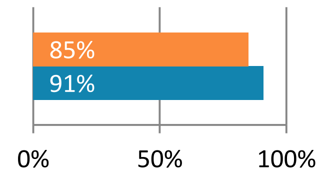
I have a handle on my cash flow so I spend less than I make each month.



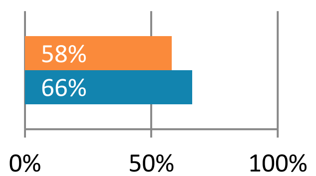
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



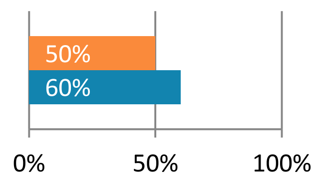
I pay my bills on time each month.



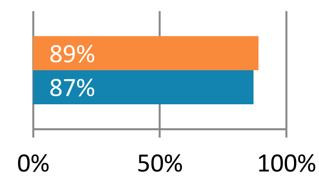
I am comfortable with the amount of (non-mortgage) debt I have.



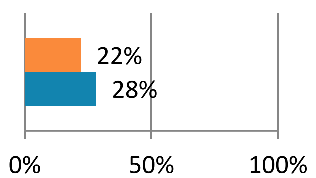
I regularly pay off my credit card balances in full.



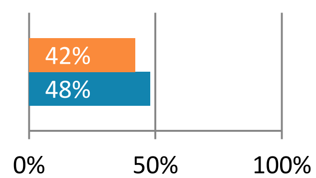
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



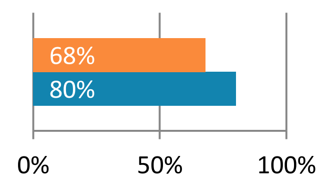
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



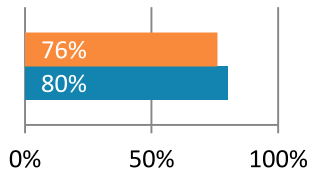
I have at least a general knowledge in investing and I am comfortable with the basics.



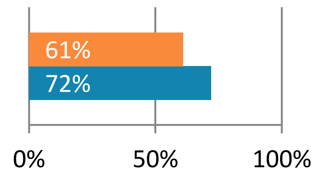
Legend
Women
Men

Gaps between Women and Men: Age 55-64

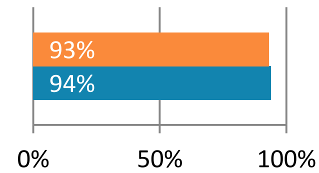
I have a handle on my cash flow so I spend less than I make each month.



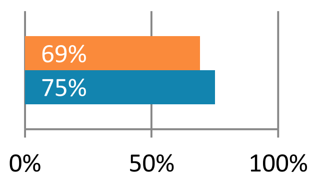
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



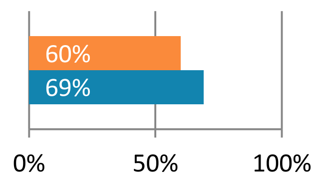
I pay my bills on time each month.



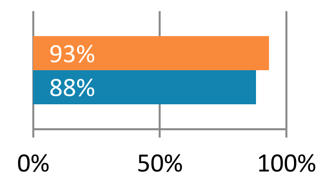
I am comfortable with the amount of (non-mortgage) debt I have.



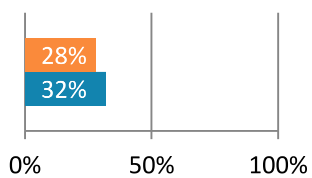
I regularly pay off my credit card balances in full.



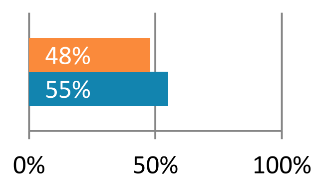
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



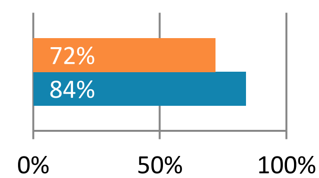
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



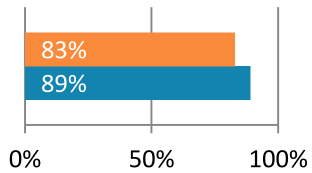
I have at least a general knowledge in investing and I am comfortable with the basics.



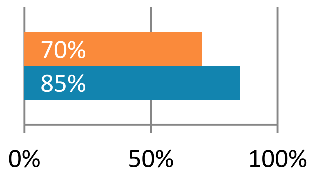
Legend
Women
Men

Gaps between Women and Men: Age 65+

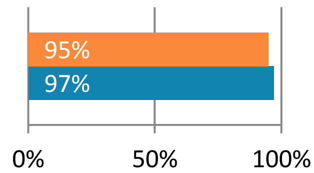
I have a handle on my cash flow so I spend less than I make each month.



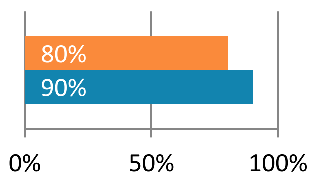
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



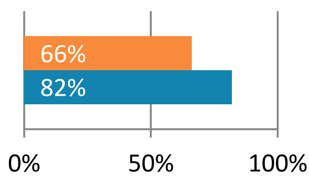
I pay my bills on time each month.



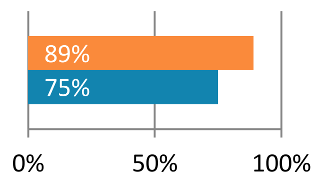
I am comfortable with the amount of (non-mortgage) debt I have.



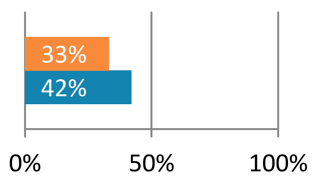
I regularly pay off my credit card balances in full.



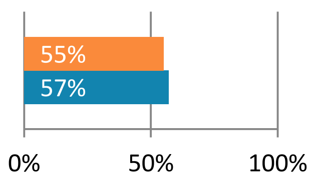
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



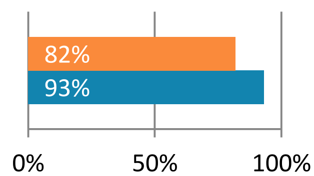
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



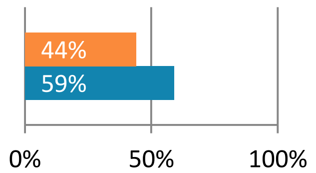
I have at least a general knowledge in investing and I am comfortable with the basics.



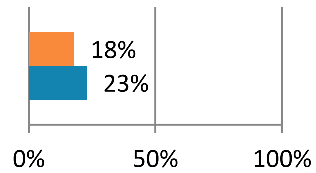
Legend
Women
Men

Gaps between Women and Men: Income Under $20,000

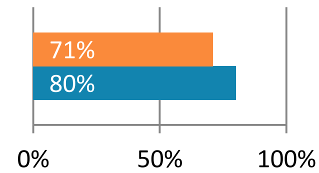
I have a handle on my cash flow so I spend less than I make each month.



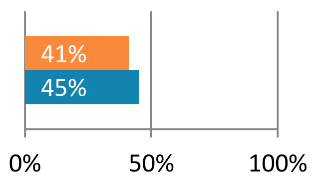
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



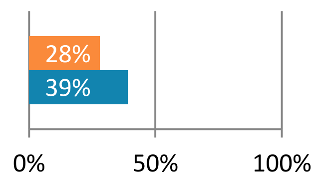
I pay my bills on time each month.



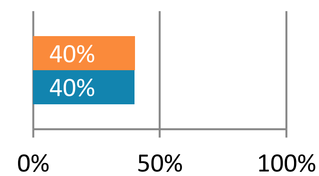
I am comfortable with the amount of (non-mortgage) debt I have.



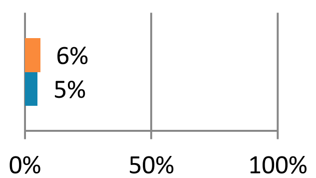
I regularly pay off my credit card balances in full.



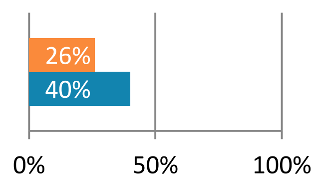
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



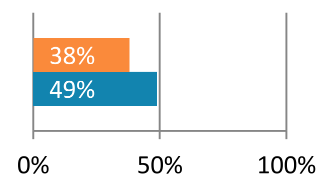
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



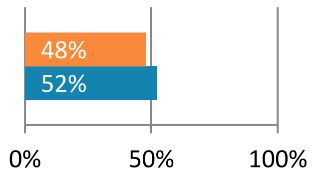
I have at least a general knowledge in investing and I am comfortable with the basics.



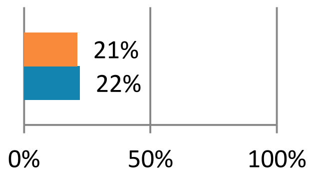
Legend
Women
Men

Gaps between Women and Men: Income $20,000-$34,999

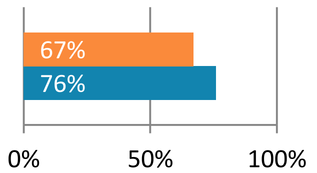
I have a handle on my cash flow so I spend less than I make each month.



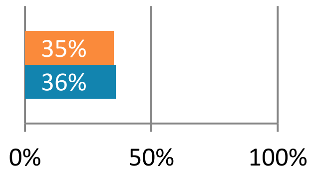
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



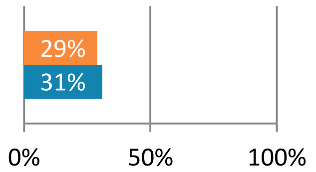
I pay my bills on time each month.



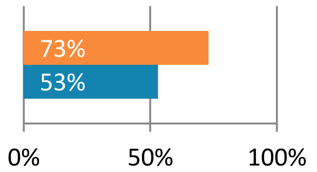
I am comfortable with the amount of (non-mortgage) debt I have.



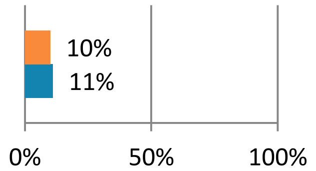
I regularly pay off my credit card balances in full.



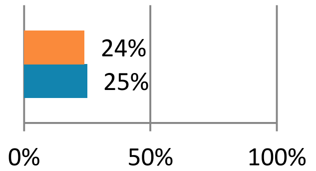
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



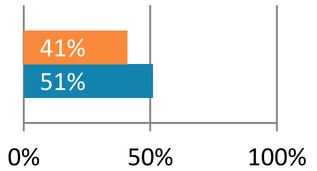
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.

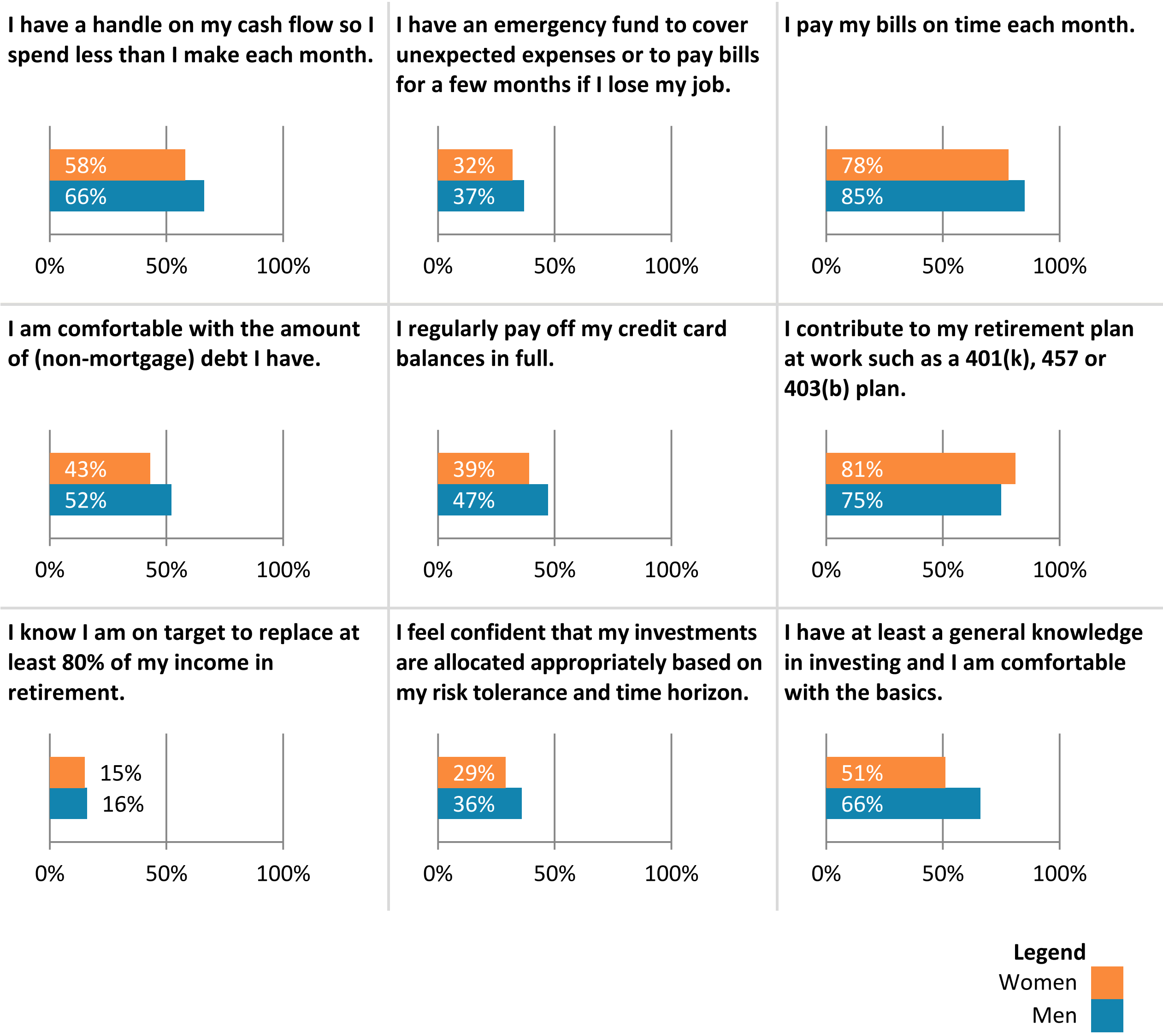


I have at least a general knowledge in investing and I am comfortable with the basics.



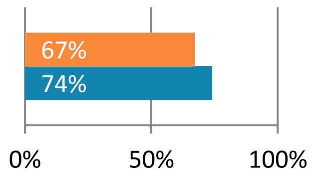
Legend
Women
Men

Gaps between Women and Men: Income $35,000-$59,999

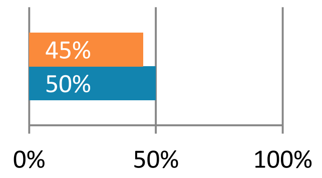


Gaps between Women and Men: Income $60,000-$74,999

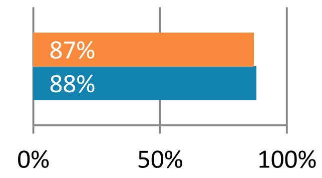
I have a handle on my cash flow so I spend less than I make each month.



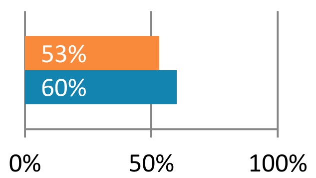
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



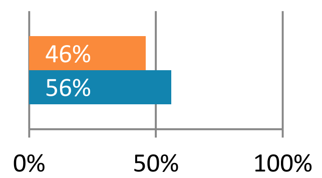
I pay my bills on time each month.



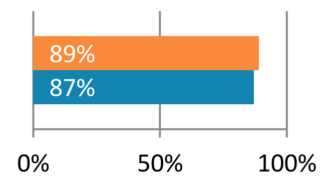
I am comfortable with the amount of (non-mortgage) debt I have.



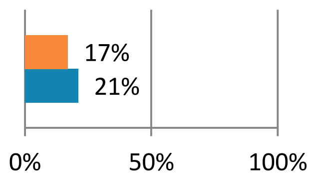
I regularly pay off my credit card balances in full.



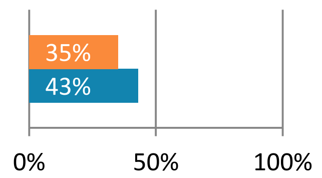
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



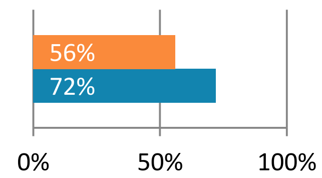
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



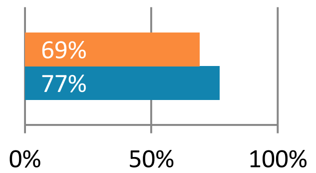
I have at least a general knowledge in investing and I am comfortable with the basics.



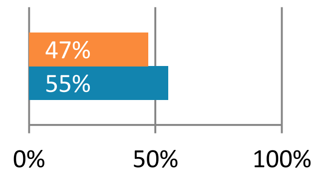
Legend
Women
Men

Gaps between Women and Men: Income $75,000-$99,999

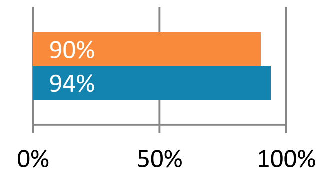
I have a handle on my cash flow so I spend less than I make each month.



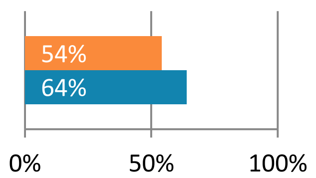
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



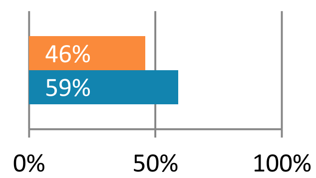
I pay my bills on time each month.



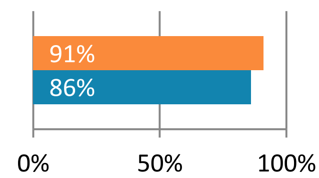
I am comfortable with the amount of (non-mortgage) debt I have.



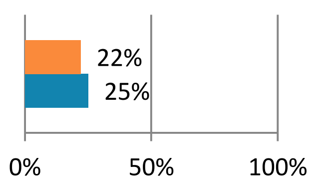
I regularly pay off my credit card balances in full.



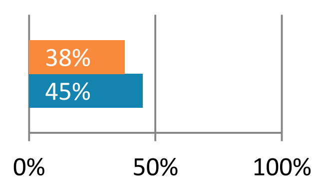
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



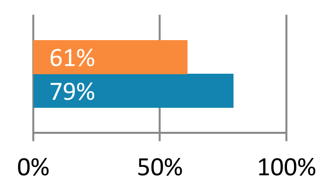
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



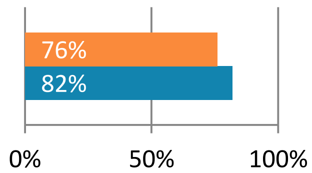
I have at least a general knowledge in investing and I am comfortable with the basics.



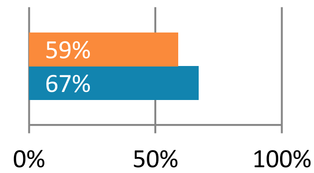
Legend
Women
Men

Gaps between Women and Men: Income $100,000-$149,999

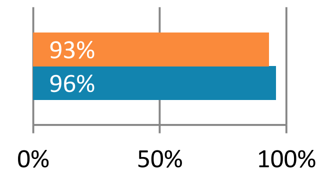
I have a handle on my cash flow so I spend less than I make each month.



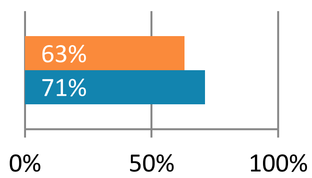
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



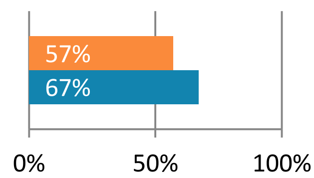
I pay my bills on time each month.



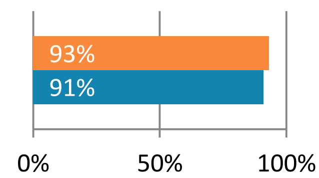
I am comfortable with the amount of (non-mortgage) debt I have.



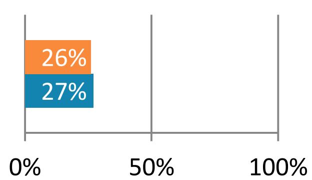
I regularly pay off my credit card balances in full.



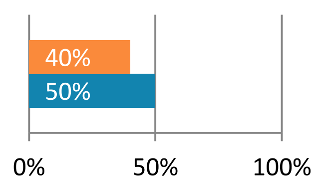
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



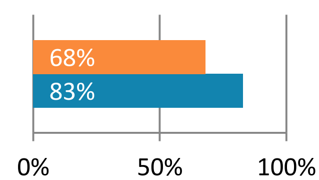
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



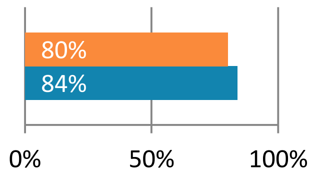
I have at least a general knowledge in investing and I am comfortable with the basics.



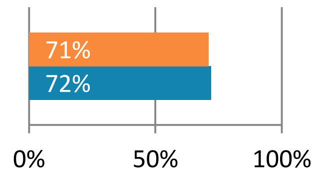
Legend
Women
Men

Gaps between Women and Men: Income $150,000-$199,999

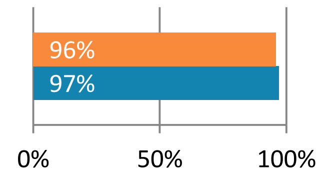
I have a handle on my cash flow so I spend less than I make each month.



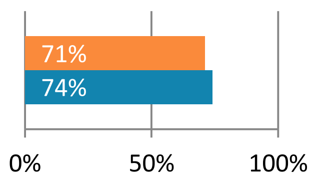
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



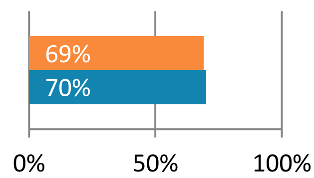
I pay my bills on time each month.



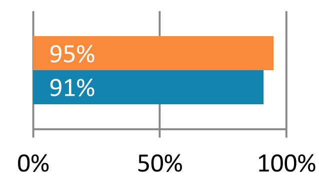
I am comfortable with the amount of (non-mortgage) debt I have.



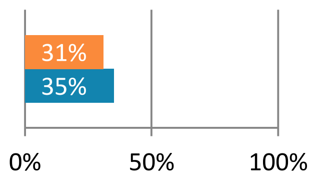
I regularly pay off my credit card balances in full.



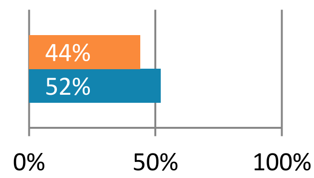
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



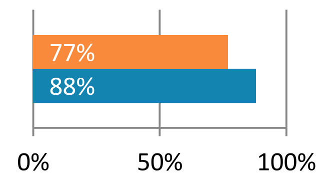
I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



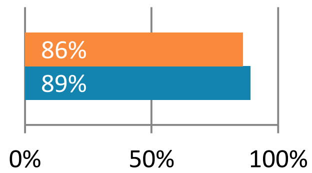
I have at least a general knowledge in investing and I am comfortable with the basics.



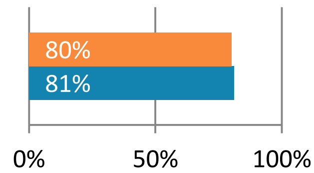
Legend
Women
Men

Gaps between Women and Men: Income over $200,000

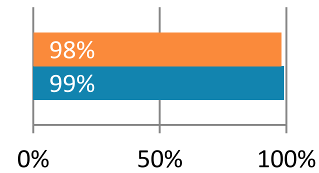
I have a handle on my cash flow so I spend less than I make each month.



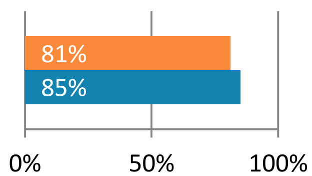
I have an emergency fund to cover unexpected expenses or to pay bills for a few months if I lose my job.



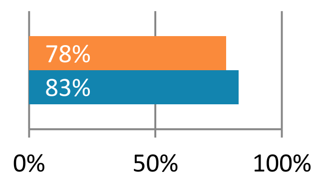
I pay my bills on time each month.



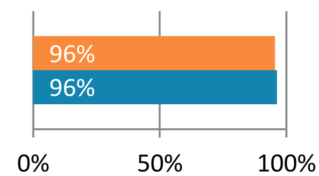
I am comfortable with the amount of (non-mortgage) debt I have.



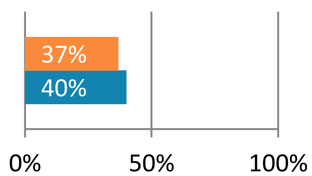
I regularly pay off my credit card balances in full.



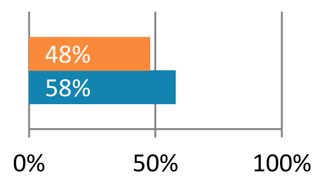
I contribute to my retirement plan at work such as a 401(k), 457 or 403(b) plan.



I know I am on target to replace at least 80% of my income in retirement.



I feel confident that my investments are allocated appropriately based on my risk tolerance and time horizon.



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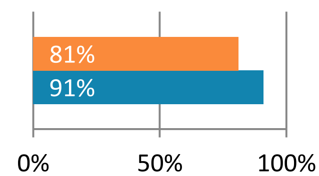

Legend
Women
Men

Methodology

All of Financial Finesse's research is primary—based on tracking employees' most pressing financial concerns through their usage of our financial education services. Financial Wellness data is compiled by tracking employees' usage of Financial Finesse's Online Financial Wellness Assessment and Learning Center, which provides employees with a personalized financial education plan and analysis of their current financial wellness.

This report uses data based on the analysis of 17,327 financial wellness assessments completed on January 1, 2015 through December 31, 2015. All figures are rounded to the nearest whole percentage unless otherwise noted.

Results have a +/-1 percent margin of error at the 99 percent confidence level.

The *Savings Gap* is an illustration of the additional amount a typical 25-year-old man and women would need to save to cover average projected expenses in retirement.

The Effect of Career Breaks on the Gender Gap in Retirement Savings is an illustration of the potential retirement savings shortfall of a 25-year-old woman that experiences a 10-year break in service at various times throughout her career.

Both illustrations use the median weekly earnings of workers ages 25 to 34[xv] and assume 3 percent wage inflation, a 6 percent retirement plan contribution with a 3 percent company match, an average life expectancy at age 65 of 19.3 years for men and 21.6 years for women[xvi], and a pre- and post-retirement rate of return of 6.5 percent and 4.5 percent, respectively. Projected retirement expenses are based on the average annual expenditures for persons 65 years and older[xvii] and have been inflated at 3 percent annually for 40 years to approximate future expenditures. Estimated Social Security benefits are calculated using the current formula[xviii] and have also been inflated at 3 percent annually for 40 years to approximate future benefits at age 65. Women that return to the workforce are assumed to return at 70 percent of their pre-break income levels (adjusted for inflation).

About the Financial Wellness Assessment

The Financial Wellness Assessment is a proprietary tool designed and developed by our Think Tank of CERTIFIED FINANCIAL PLANNER™ professionals used to measure employees' financial wellness. To get a realistic assessment of wellness in each category, planners determined the most important criteria for achieving financial success in that specific category. By asking key questions that determine employees' progress on these different actions, we are able to approximate their financial wellness in those areas.

About the Financial Wellness Score

The Financial Wellness Score is measured on a scale of 0 to 10, with 0 indicating minimal financial wellness and 10 indicating optimal financial wellness. Scores are adjusted to consider age and income and determine how well employees are managing their finances based on these factors and the needs associated with different life stages and income levels. Employees who achieve a Financial Wellness Score within a specified range exhibit financial behavior as outlined in the following chart:

Wellness Score	Financial Behavior
9.0 or above	Employees have excellent financial skills and habits, and have achieved an optimal level of financial wellness. They are on track to meet their goals and fully prepared to weather unexpected challenges that arise.
7.0 to 8.9	Employees have good financial skills and habits, and are in a fairly good position to reach their goals, but there are additional actions they need to take to fully prepare for their goals and protect themselves from challenges that may arise.
5.0 to 6.9	Employees are demonstrating some personal financial skills, but have significant gaps in their overall financial planning and behaviors, and really need education and guidance to make decisions and develop financial habits that will allow them to achieve their goals.
3.0 to 4.9	Employees may be sabotaging their own goals through poor personal financial skills and are in need of more basic information.
Below 3.0	Employees are in dire need of guidance around basic personal financial skills to help keep them from experiencing serious financial consequences.

About Financial Finesse

Financial Finesse is an unbiased financial education company providing personalized and innovative financial education and counseling programs to over 2,400,000 employees at over 600 organizations. Financial Finesse partners with organizations to reach goals such as reducing fiduciary liability, increasing plan participation, decreasing stress, and increasing productivity through its unique approach to financial education. Financial Finesse does not sell products or manage assets. For more information, visit www.financialfinesse.com.

Contributors

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Gregory A. Ward, CFP®, Think Tank Director

Cynthia Meyer, CFA, CFP®, ChFC®, Resident Financial Planner

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