The XX factor: How to future-proof your advisory business by better serving women
As they look towards retirement, women navigate immense uncertainty. With the rapid evolution of women’s role in the workplace, family and finances, this is an immensely diverse market. In this guide, we explore how you can work with female clients and couples to plan holistically for successful retirements on their terms.

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Her story

The roles women play in the workplace, in their families and with their finances are rapidly evolving. Nine in ten women are expected to be the sole financial decision maker at some point in their lives,¹ taking on preparation for retirement, including the planning, saving, investing and worries that come with this responsibility.

At the same time, they’re asking for more guidance. Today’s female clients want advisors to take the time to help them understand the various scenarios they may face so they can be fully prepared for whatever lies ahead.

¹ “Men Dominate, But Women Gain In Home Finances, Survey Says,” Financial Advisor Magazine (February 24, 2016).
Understanding generational shifts amongst women is key for financial advisors.

Women today control 51% of total personal wealth in the United States, holding $14 trillion in assets — and that number is projected to grow.2

| Women are estimated to account for | 57.5% of all bachelor’s degrees, |
| | 61% of all master’s degrees and |
| | 52.7% of all doctor’s degrees awarded this year3 |

| Women make up | 46.8% of the workforce,4 including |
| | 52% of professional and managerial occupations5 |

| Women own | 9.9 million businesses6 |

As women continue making headway in the professional realm, cultural norms and expectations about starting a family are evolving with each new generation.

With later marriages, women have more time to plan for their financial futures independently. Even within the context of married lives, many women are managing their family’s financial decision-making than ever before. These changes are happening rapidly and reflect a significant shift in American families. This means many of the women today taking charge of their family’s retirement preparedness cannot look to their moms or grandmothers as role models for financial planning.

With the rapid evolution of women’s role in the workplace, family and finances, this is an immensely diverse market.

With such a diverse group, advisors will better serve this demographic by getting to know the unique situations, goals and preferences of each female client.

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3 “Table 310. Degrees conferred by degree-granting institutions, by level of degree and sex of student: Selected years, 1869-70 through 2021-22,” National Center for Education Statistics (June 2012).
5 “Employed persons by detailed occupation, sex, race, and Hispanic or Latino ethnicity,” Bureau of Labor Statistics (January 2018).
Challenges she may face

Despite the strides that women have made, there are still hurdles both inside and outside the workplace.
She has to save more, from less

The pay gap persists

According to the United States Census Bureau, the 2016 female-to-male earnings ratio was 0.81. This modest 1.1% increase from the previous year was the first time the ratio has improved in a decade.7

Women still earn only 81 cents for every dollar earned by men

Her family depends on her

The pay gap issue is magnified by women getting pulled away from work to care for their children, aging parents, an ill spouse or grandkids. This time away from the office impacts her earnings throughout her career. The Center for American Progress found that each year out of work can cost a family more than three times the parent’s annual salary in lifetime income.8

Every year spent out of the workforce costs families 3X the parent’s annual salary in lifetime income

With a longer life comes greater expenses

Women also have a longer retirement to prepare for. According to the National Center for Health Statistics a woman lives 81.2 years on average compared to a man’s average life span of 76.3.9 It’s no surprise, then, that in the U.S. 80% of women outlive their husbands.10

Her family depends on her

2 to 1 the approximate ratio of American women to men age 85+11

8 “Calculating the Hidden Cost of Interrupting a Career for Child Care,” Center for American Progress (June 21, 2016).
10 U.S. Census Bureau (2016).
Address one of the biggest hurdles standing in the way of her successful retirement—immense uncertainty.

Women have a wide array of experiences both before and during retirement. And, when attempting to visualize and plan for the future, there are many possibilities. Your client may be wondering if she will need to care for an aging parent or spouse, whether she’ll have work opportunities or who will take care of her when she’s sick.

With so many variables at play, understanding how to best prepare for the unknown that lies ahead is no easy feat. Perhaps that’s why only 25% of women aged 50 or older expect their life to be better in retirement, according to the 2017 Social Security Consumer Survey conducted by Harris Poll on behalf of the Nationwide Retirement Institute.12

The greatest factors weighing on a woman’s outlook for her retirement are her need for a guaranteed income stream and the reality of rising health costs. Only 14% of women in (or nearing retirement) are depending on (or plan to depend on) a pension as their primary source of income.12 Nearly two in three women (62%) rely on Social Security benefits.12 On average, women expect to count on Social Security to pay for 58% of all expenses.12

There is an opportunity for financial advisors to help women look at their total retirement picture and optimize when to file for Social Security or when to opt for spousal benefits.

3 in 4 women collected Social Security benefits early, locking in a lifetime of lower income12

Often, women have not planned for who will care for them in the event of needing long-term care. Yet, with women’s longevity exceeding men’s, they may face higher medical expenses and are more likely to need long-term care.

80% of women list health care costs going out of control as a top fear in retirement13

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12 “Social Security Consumer Survey conducted by Harris Poll on behalf of the Nationwide Retirement Institute between May 26 and June 6, 2017, among 1,012 U.S. adults ages 50 or older who are retired or plan to retire in the next 10 years, including 473 women.
13 Nationwide 2017 Health Care and Long-term Care Survey. The survey was conducted online by The Harris Poll on behalf of The Nationwide Retirement Institute between September 13 and September 27, 2017, among 1,214 U.S. adults age 50 or older, including 626 women.
Actionable insights: How to work with her

Despite the strides that women have made, there are still hurdles both inside and outside the workplace.
Four steps to build your female clients’ confidence

1. Help her envision retirement

2. Have two-way discussions about likely scenarios and solutions

3. Accurately model and estimate what her retirement could cost

4. Minimize taxes considering her holistic retirement picture
Help her envision retirement

Many women have a hard time imagining how they’ll spend their golden years — especially if they anticipate outliving their husbands.

Adopting a goal-based approach to financial planning is critical for two reasons. First, having a sense of the lifestyle your client wants to achieve will help you determine a plan to realize this vision. Second, clients are often more motivated to work towards a goal they can picture. Many women crave clarity about their future and an advisor whom they can trust to help them get there. Once your client can visualize her objective, she is more likely to jump onboard to implement the plan. Discuss:

• What she imagines her retirement looking like
• Goals she’s made for herself, her children, spouse and other family members
• The feeling she’ll have when she achieves her goals

Have two-way discussions about likely scenarios and solutions

We often hear women say they’ve had meetings with advisors that have left them feeling overwhelmed and unable to make informed decisions.

Remember these are women with goals for their future — and the right to take their assets elsewhere if they feel they are being talked down to.

The best way to become a better partner for a female client is to empower her with the knowledge she needs to make decisions about what’s in her best interest and guide her through her options:

• Walk her through strategies for Social Security distributions
• Talk to her about the reasons behind her retirement plan options
• When working with a couple, connect with both partners equally
3 Accurately model and estimate what her retirement could cost

Explore together how much her retirement could cost, if she can afford it and what options are available to her if she can’t bridge the gap between now and her target retirement age.

A common pain point that many women experience when preparing for retirement is not knowing exactly how much they need. Through conversations about retirement scenarios, you can also help your clients find a compromise between their expectations and the realities of living in retirement.

You can help women plan for the variety of situations they might find themselves in during retirement. Build personalized plans — that account for possible hurdles (like losing a spouse, getting sick or needing to retire early) — to get them started on the right path.

4 Minimize taxes considering her holistic retirement picture

As her partner in retirement planning, a female client will expect you to help her see the big picture. That includes planning for a tax efficient retirement income distribution strategy.

Your expert guidance — combined with advice from tax advisors and accountants — on how to potentially minimize your clients’ tax risk can give your clients a more accurate estimate of what their income stream will look like in retirement.
Nationwide® can help

Work with your Nationwide wholesaler to get the tools and resources you need to develop a strong base of female clients and help them prepare for a successful retirement.

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Read the full whitepaper

Whitepaper: NFM-17311AO

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Lead a seminar on Social Security and Health Care for Women

Presentation: NFM-17603AO

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Attend our CE session

NFM-17336AO

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Start a retirement readiness conversation with a client

NFM-17676AO

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FOR BROKER/DEALER USE ONLY — NOT FOR USE WITH THE PUBLIC
Resources to enrich your conversations with female clients

As women continue to build their wealth, developing a strong base of female clients is critical to the success of your business. If your clients are predominantly men, you are missing out on helping 50% of this country’s population solve challenges in preparing for retirement.

Explore the Nationwide Retirement Institute resources on holistic retirement planning for resources on:

- Estimating your client’s health care and long-term care costs in retirement — Nationwide Health Care/Long-term Care Cost Assessment
- Providing optimal filing strategies for your client to claim her Social Security benefits — Nationwide Social Security 360 Analyzer®
- Building a holistic retirement income plan