



# Pathway to women's financial independence



# Contents

---

<b>Key insights</b>	<b>2</b>
Women are less likely to feel financially comfortable	2
Women are more likely to suffer from financial stress	2
Many women feel trapped by their financial circumstances	2
Many women lack confidence in their financial capabilities	4
Women are less likely to plan	5
Finance industry fails to connect well with women	6
Many women are highly motivated to improve their circumstances	7
Financial advice makes a positive difference	7
Value of advice is different for women	7
<b>Implications for financial planners</b>	<b>9</b>
Ways to address the barriers to engagement	9
An empowering framework	10
Action plan for advising women more effectively	10
<b>Conclusion</b>	<b>12</b>

## About this report

The information in this report is evidence-based. Grounded in established behavioural finance and psychological models, it leverages two large quantitative research studies undertaken for Fidelity International by independent research firm MYMAVINS.

The main research reference for this report is Fidelity's *Pathway to Financial Independence* study ('Financial Independence study'). The Financial Independence study entailed an online survey of 2,017 (n=2,017) adult Australians. It was conducted in the field in January 2022 and represents the views of the general population of Australia.

Insights from the Financial Independence study are supported by data from a separate study undertaken for Fidelity International: the *Retirement: The Now and the Then* study ('Retirement study').

The Retirement study involved an online survey of 1,514 (n=1,514) Australians over 50, with fieldwork undertaken in September 2021. Respondents included pre-retirees (n=510), semi-retirees (n=200), early retirees (n=400) and late retirees (n=404).

# Foreword

---



Financial inequality continues to be an issue for many women. They are more likely to suffer from financial stress than men, and more women lack confidence in their financial capabilities.

Women are also less likely to make long-term financial plans and to actively

engage with their super or invest in the stock market.

The outcome is that some women are struggling financially and a significant minority feel trapped in their circumstances. This leaves them less confident to make necessary life decisions like changing jobs or leaving bad relationships.

The good news? Women are highly motivated to change their circumstances and achieve financial independence. But they will need help to do so.

Our Retirement study indicates that financial advice positively impacts older women's lives. Advised women endure less financial stress and have more confidence in their capabilities. That's great, but there's also evidence that financial advice has a greater impact on the lives of men than it does on women.

Financial advisers, and the broader finance industry, can do better at meeting women where they are. By differentiating and tailoring communication and service offers to better suit women, there is an opportunity for greater impact.

As passionate believers in the value of advice, at Fidelity International, we recognise our part in effecting change. We know that financial wellbeing is the fulcrum point of our broader emotional and physical wellbeing, and we want to support financial advisers in maximising their positive impact on women's lives.

That's why we've proposed a framework for better meeting women's needs and getting them investing. It won't be perfect, but our aim is to start the discussion and stimulate the innovation of advice processes and service offers.

There's no doubt women will benefit from these changes. But when women achieve financial independence, the benefits extend much further – to our families, our local communities, even to society and the economy as a whole.

I look forward to hearing everyone's thoughts on how we can empower women to get investing and achieve financial independence.

**Alva Devoy**  
Managing Director  
Fidelity International

# Key insights

## Women are less likely to feel financially comfortable

Women are less likely to describe their financial situation as comfortable and more likely to say they are struggling to make ends meet. One in six women say they are struggling with their current financial situation; the figure for men is one in 10.

One in five adult women has trouble making ends meet. One in five disagree that they can easily support themselves and their family. For men, the figure is half that at one in 10.

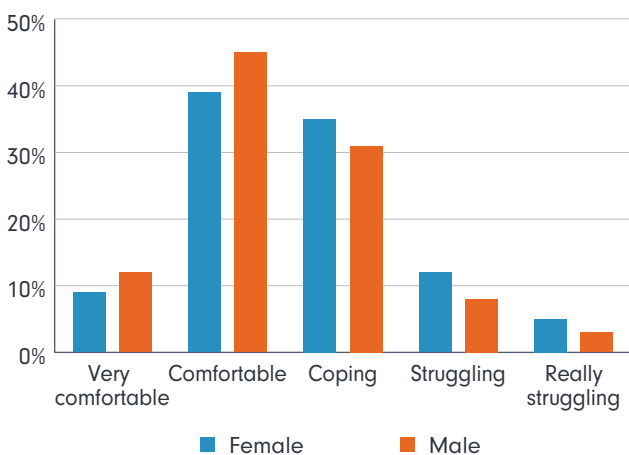
Women are twice as likely to say their personal income doesn't cover everyday expenses and bills. One in seven women disagrees that their income covers their everyday expenses and bills. For men, it's only one in 14.

Women are less happy with their savings capacity than men. Around two in five women agree they're happy with the amount they can save each month. For men, the figure is more than one in two.

As evidence, women report less in savings than men. One in three women disagrees that their household has a savings pot equivalent to three times their monthly income compared to one in five men.

One consequence is that women are more likely to go without discretionary wants. One in three women disagrees that they can treat themselves to big-ticket purchases when they want to. For men, the figure again drops to one in five.

**Figure 1. Status of the financial situation by gender**



Source: Financial Independence study

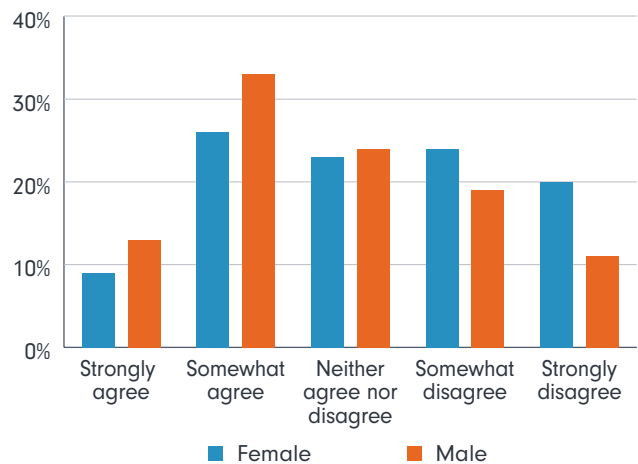
## Women are more likely to suffer from financial stress

Women generally worry more about money than men. Women are significantly less likely than men to agree that they are free from money worries. Only one in three women agrees they are free from money worries, but nearly half of men agree.

In fact, the number of women who worry about money is higher than the number who don't. Around four in nine women disagree that they are free from money worries.

We have seen in previous studies that financial well-being is at the fulcrum of our broader well-being. When we experience financial stress it impacts on other areas of our life, including our relationships, as well as our mental and physical health.

**Figure 2. Level of agreement that I am free from money worries by gender**



Source: Financial Independence study

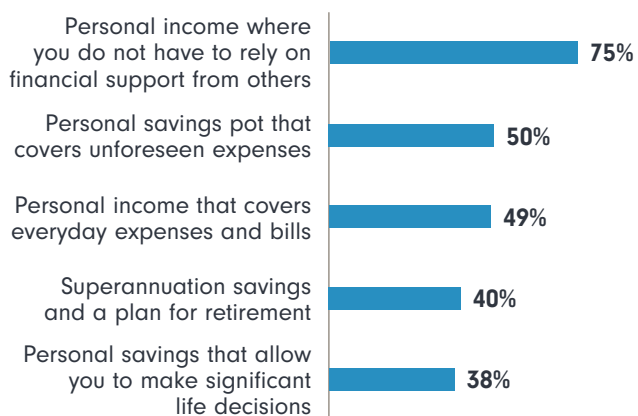
## Many women feel trapped by their financial circumstances

The stress on relationships from worrying about money and struggling to have enough can become even more acute when we feel like we can't make significant life decisions.

When asked to define financial independence, the most common answer given by women is having a personal income so you don't have to rely on financial support from others.

Financial independence also means being able to cover expenses and having savings that will provide for the future or allow women to make significant life decisions.

**Figure 3. Percentage of women defining financial independence**



Source: Financial Independence study

Women are less likely to feel financially independent. Fewer than one in two women says they feel financially independent, whereas around three in five men do.

Only three in five women say they have a personal income that means they don't have to rely on anyone else for financial support compared to over seven in 10 men.

This dependence on others can have a dark side - many women are trapped by their financial circumstances. One in three women say they don't have enough savings to make significant life changes. For men, the figure is only one in five.

This can lead to more women feeling locked into toxic work cultures and personal relationships, constrained by their financial circumstances.



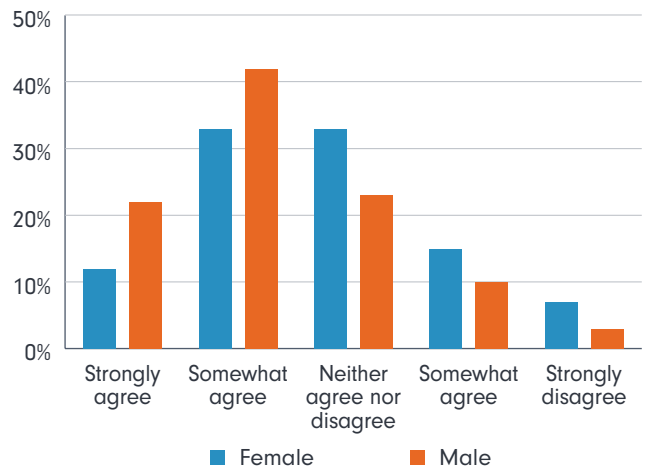


## Many women lack confidence in their financial capabilities

Women are not as self-confident in their capabilities as men regarding money. They are not as self-confident in their general ability to manage money, their ability to make the right investment decisions, and their ability to make super contributions.

Fewer than one in two women agree that they are knowledgeable in financial matters, a significantly lower proportion than men. Almost two in three men feel that they are knowledgeable in financial matters.

**Figure 4. Level of agreement that I am knowledgeable in financial matters by gender**



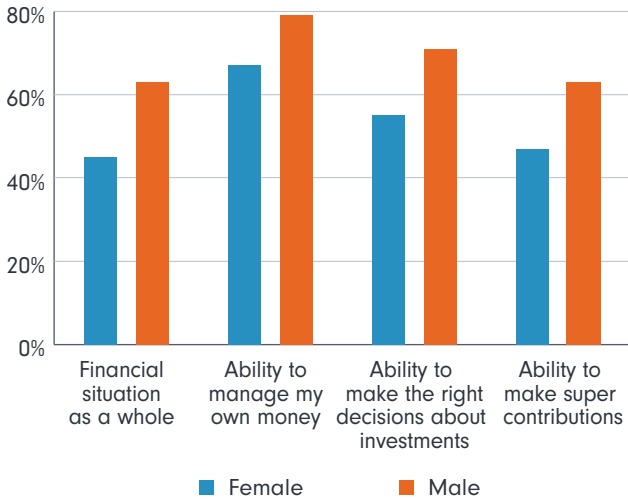
Source: Financial Independence study

While two in three women are confident in their ability to manage their own money, this is significantly lower than men (four in five).

Similarly, just more than half of women feel confident in their ability to make investment decisions, while more than seven in 10 men are confident to make investment decisions.

This lack of confidence in financial matters extends to women's lack of confidence in their financial situation as a whole. Fewer than one in two women is confident in their financial position, while five in eight men are.

**Figure 5. Percent confident in financial matters by gender**

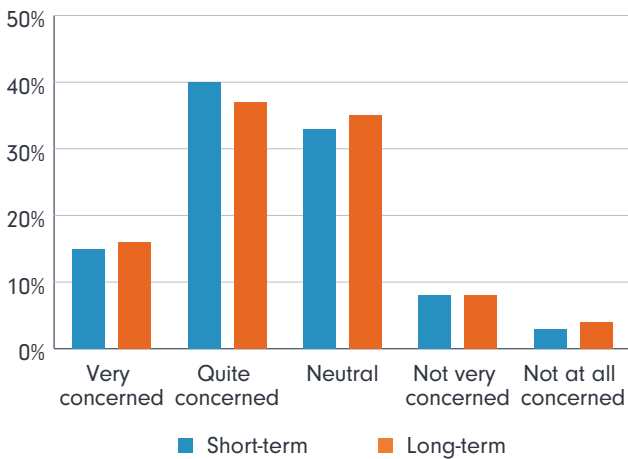


Source: Financial Independence study

Women also lack confidence in the economic outlook. More than half of women are concerned with both the short-term and long-term health of the economy.

Only one in three women is investing in the stock market. Confidence in the system is an essential condition for anyone to start investing, which is why a lack of confidence in the economy may be a barrier to women engaging with their money, taking control and starting to invest.

**Figure 6. Percentage of women concerned about economic conditions**



Source: Financial Independence study

## Women are less likely to plan

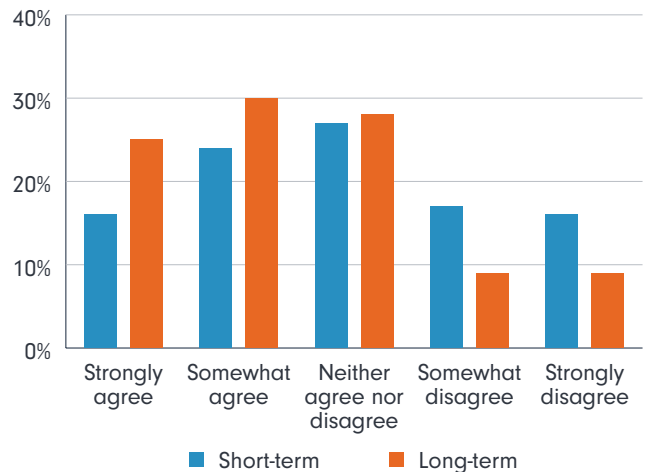
We have seen that women are less comfortable with their financial situation and don't have as much self-confidence as men when it comes to financial matters. It is possible that this is causing discomfort and creating psychological barriers when it comes to looking to the future and taking control.

Women are less likely to be planning for retirement than men. While four in 10 women agree they have a plan for retirement, one in three women disagrees. Fewer than one fifth men disagree that they have a plan for retirement and are saving towards it.

Most women are not making additional personal contributions to super at all. Even when they do, they don't contribute as much as men.

Five in nine women are not personally contributing to super in any way, and one in four is contributing less than 10% of their income per year. Only four in nine men are not contributing to super at all and two in five are contributing at an annual rate of less than 10% of their income. Around twice as many men contribute more than 10% of income to super a year.

**Figure 7. Level of agreement that I have a plan for retirement and I am regularly saving to super**



Source: Financial Independence study

## Finance industry fails to connect well with women

A lack of confidence in the finance industry may also be blocking women from engaging with their financial decisions and investing.

There is evidence that the finance industry is missing the mark when communicating with women. Around one in two women say investment communication is complicated, and one in four describe it as intimidating.

Investment communication resonates better with men, who are far more likely to describe it as clear and helpful.

The lack of trust in the system appears to be influencing women’s views on environmental, social and governance (ESG) investing.

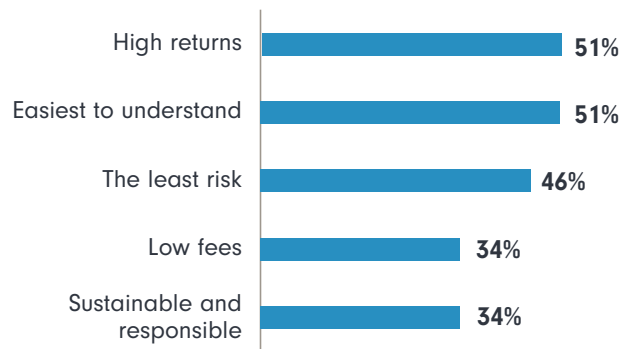
There is much scepticism among women when it comes to ESG. Two in five women think sustainable companies won’t match the promises they’ve made.

A significant minority (two in five) also agree there is not enough oversight; no-one is ensuring sustainable investments match their promises.

One in two women believes that sustainable investing seems subjective and there is no definitive agreement about what it means in practice. One in four women agrees it is impossible to invest sustainably and get a good return.

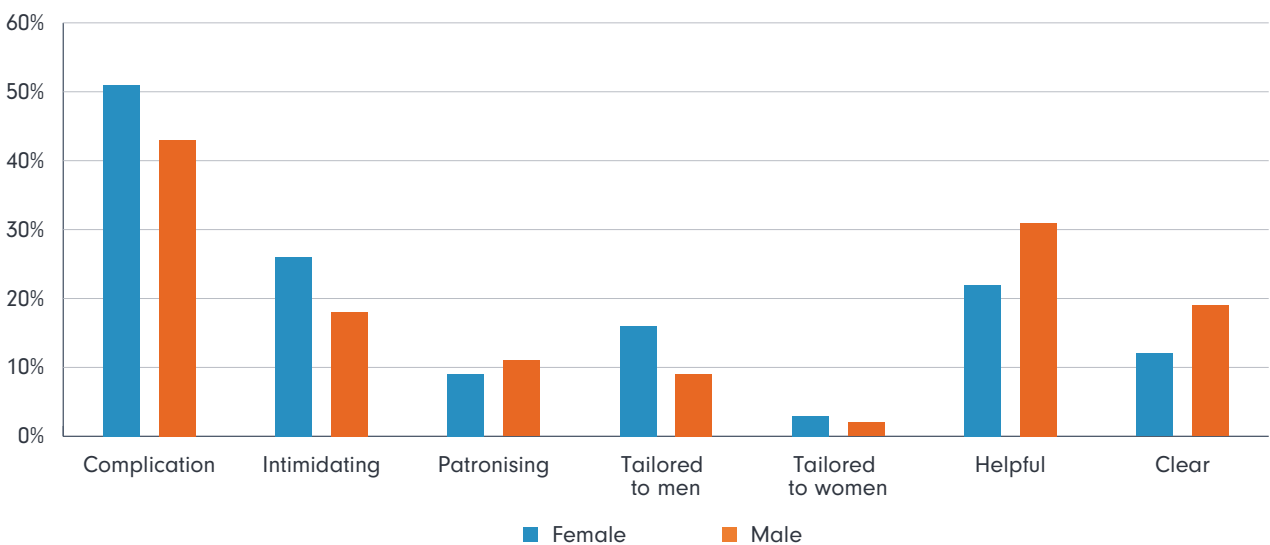
As a result, women may prioritise strong returns, ease of understanding and low risk over sustainability and responsibility when selecting investments.

**Figure 9. Percentage of women who prioritise investment characteristics**



Source: Financial Independence study

**Figure 8. Percentage of respondents’ descriptions of investment communication by gender**



Source: Financial Independence study



## Many women are highly motivated to improve their circumstances

A lack of self-determination is a hurdle to achievement. Encouragingly, most women (seven in 10) are motivated to achieve financial independence.

Our Retirement study of Australians over 50 uncovered that two in three women say they would like to take more control of their financial future but are unsure what to do. There are clues to how advisers might solve this – and the size of the prize is enormous if advisers can listen and are willing to meet women where they're at.

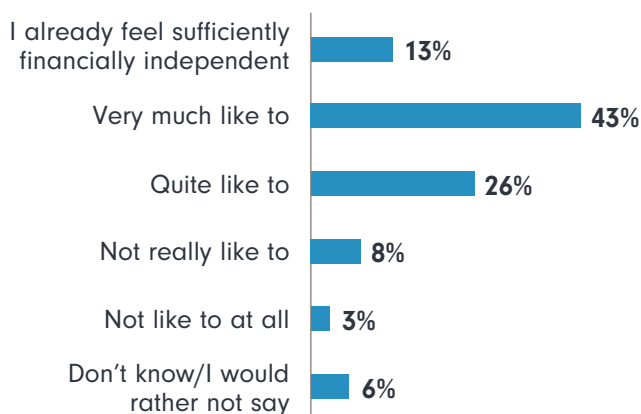
Older women want decision support; they don't want everything to be done for them. While two in three pre-retiree women want to work with an adviser, only one in 10 wants a professional to take care of everything for them.

A significant majority (almost three in five) want their adviser to support and guide them, but still want to be in control.

The barriers to accessing advice differ for pre-retiree women; trust is an even more significant barrier for women than men.

The top three reasons pre-retiree women give for not using a financial planner are not being able to afford it, having trouble finding someone they can trust, and not being able to justify the cost for value received.

**Figure 10. Percentage of women motivated to achieve financial independence**



Source: Financial Independence study

## Financial advice makes a positive difference

In more good news, according to our Retirement study, financial advice is having a positive impact on women's lives. Older advised women suffer less financial stress and have more confidence in their capabilities.

Advised pre-retiree women are less likely to worry about money than the unadvised.

Around one in seven unadvised pre-retiree women rarely or never worry about money, but one in five of those advised rarely or never worries about money.

One in four unadvised pre-retiree women says that financial stress is currently impacting their physical and mental health – that reduces to one in six for advised women.

And advised women have more confidence in their capabilities. Advised pre-retiree women are about five times more likely than unadvised women to rate their knowledge of financial matters as very good.

Similarly, advised pre-retiree women are eight times more likely to rate their knowledge of risk and return as very good, twice as likely to rate their understanding of investment strategies as very good, and five times more likely to rate their understanding of current investment markets as very good.

## Value of advice is different for women

Older women benefit from accessing the services of a financial adviser – along with tangibly improving their financial outcomes over time, financial advisers provide intangible and immediate benefits to women.

But according to our Retirement study, there are areas where financial advisers are not having as much of a positive impact with women as they are with men

Advisers are not as effective at encouraging self-belief in women, that is, a feeling of agency and a belief they can take control. Self-belief is an essential foundation for action and, without it, women will not achieve the financial independence they're seeking.

The figures don't lie. In relation to encouraging self-belief, advisers are three times more impactful when working with pre-retiree men than pre-retiree women.



# Implications for financial planners

Financial advice can have a transformative and positive impact on women's lives. Advised women have higher levels of wellbeing and are more satisfied in all areas of their lives than unadvised women. Advised women also suffer less financial stress and feel more confident in their financial capabilities than the unadvised.

We have seen that the main barriers to engaging an adviser for pre-retiree women involve cost and trust, and that communication from the finance industry doesn't resonate well with women. But even when we overcome the barriers and manage to engage women as clients, there is still further scope to enhance outcomes.

Moreover, advisers are currently having a greater impact on men's lives than women's. Specifically, advisers seem to be less effective at encouraging the self-belief in women that they can make a difference.

## Ways to address the barriers to engagement

Most financial advisers already segment their client base into cohorts with similar characteristics, targeting messaging and designing service offers to meet each client segment's needs. These studies indicate that gender should feature as a dimension in any practice's segmentation model.

The barriers of cost and trust can both be overcome with transparency. Being transparent is the quickest way to build trust, especially when we work in a way that supports the drivers of trust, that is, with authenticity, benevolence, competence and consistency. The quickest way to lose trust is too much self-orientation and failing to make the client feel valued.

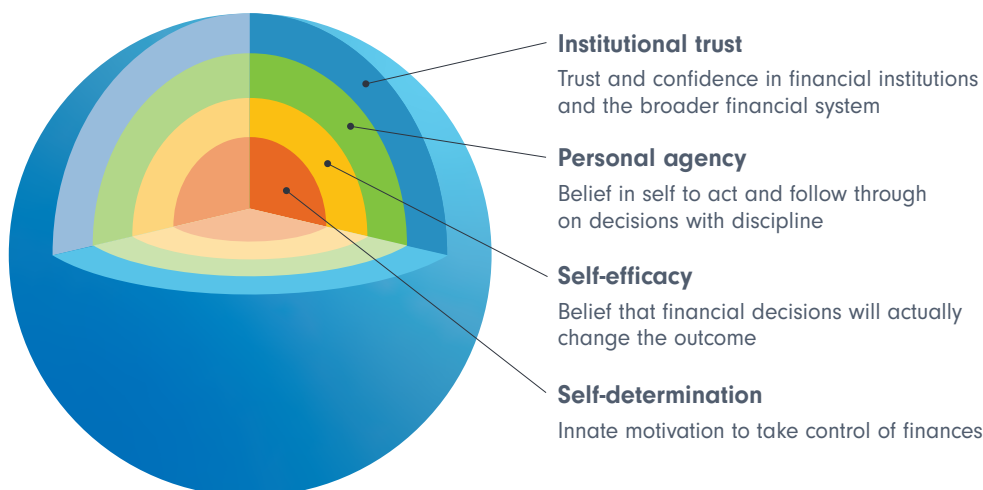
Transparency is also key to addressing price sensitivity. By bringing the advice process to life, we can reduce the information asymmetry and have a conversation about value rather than cost.

We know older women prefer a relationship with a professional who provides decision support over outsourced services – they want to feel in control of the professional relationship.

Women will often initially seek advice over one burning issue (or job to be done). If we can solve the priority issue, we will earn the right to engage more broadly.

And that's when we get the opportunity to really effect change and help women achieve financial independence. For clues to how we can help instil the self-belief that women can change their circumstances, we can turn to psychological models of motivation.

Figure 11. Unpacking the engagement drivers



Source: MYMAVINS.

## An empowering framework

To help instil the self-belief in women that is essential for lasting behavioural change, a psychological model of motivation is useful.

For people to have the confidence to act, four factors must be satisfied. First, they must want to take more control and embrace change. Self-determination is the intrinsic motivation required to take control and engage with financial decisions.

The problem with self-determination is that it needs to be self-motivated – advisers can't do it for their clients. However, with seven in 10 women already motivated to achieve financial independence, the need is rather for them to be supported to follow through.

The second essential element is the belief that we can make effective decisions necessary for positive outcomes. A person with high self-efficacy perceives challenges as an opportunity to learn and master new skills rather than threats to avoid.

The third factor in the motivation model is personal agency, the belief that we can stick at it and follow through on decisions with discipline. These sequenced elements constitute the building blocks of self-belief that a difference can be made – and they are prerequisites for promoting financial confidence and the capability to effect positive actions and behaviours.

Trust in the system is the fourth essential factor for behavioural change. Do we trust the broader financial system and the economic conditions?

Lack of belief in the system can undermine the self-belief that a difference really can be made – whether that's a mistrust of the financial services industry, feeling intimidated by economic markets or cynical about governments moving the goalposts.

## Action plan for advising women more effectively

So how can advisers reach more women and serve them effectively so they can achieve financial independence?

First, we need to overcome the trust barrier. Women's lack of trust is one of the main barriers to engaging an adviser. While trusted relationships must be built over time through consistent behaviour, transparency can be an effective way to overcome low trust dynamics.

So, be generous with the information you provide about how you work and set clear expectations about what clients will experience. Share information that will support the building of trust and prove your authenticity by being open about any conflicts of interest, explaining how you ensure your advice is in the client's best interests.

Figure 12: Action plan for advising women more effectively



Source: MYMAVINS

Most women want guidance and decision support when it comes to money. They don't want an adviser to do everything for them, which is why the six-step comprehensive financial planning process can seem overwhelming and unnecessary.

It's also why finding ways to collaboratively explore needs and co-create solutions so women can interact and learn by doing throughout the process (rather than just being told how to do something) is so effective. Women need the opportunity to build self-awareness of their own needs.

Women would prefer advisers to focus on their priority issue, the problem that needs solving or the job to be done. This facilitates their ability to clearly articulate the value of the advice they're paying for.

By scoping the service engagement in this way, women will have a better and more suitable client experience.

Most women are motivated to achieve financial independence, so they have high self-determination. An adviser's role is to encourage a strong belief in the client's mind that a difference can be made, and show them how they can play a role in effecting this.

In this way, advisers provide a supportive framework for clients, enabling higher self-efficacy and personal agency. Advisers can then support motivation by setting and tracking tangible and intangible goals. Start with an easy, achievable goal, like clearing credit card debt.

When clients can see the progress they are making, they will feel successful, which works to reinforce the positive behaviour change. It's all about creating a journey, building confidence and momentum along the way.

In time, it becomes a virtuous cycle and creates new habits through repetition. Creating new habits is key to lasting behavioural change and positive financial outcomes.

Many women have concerns about the economic environment, which is troubling because trust in the system is important to sustain motivation and commitment to new behaviours.

While government decisions and the economic outlook are out of our control, we can communicate regularly with our clients. Even when it's bad news, it reduces information asymmetry, balances the narrative set by the media and increases trust in the system.



# Conclusion

---

Women experience more financial stress and are more likely to struggle financially. One in three women says they don't have enough savings to make significant life decisions, which effectively traps them in their circumstances, unable to make changes.

The good news is that women are highly motivated to achieve financial independence, and financial advice has an overall positive impact on their lives.

But more can be done. Communication from the finance industry isn't resonating with many women, and there is evidence that financial advice has more impact on men than women.

One answer is to differentiate between men and women, targeting messaging and service offers to each segment based on their unique needs.

This paper has identified an action plan advisers can take for greater impact with women. The steps prioritise the preferences of women and leverage psychological models to sustain motivation so women can achieve the financial independence they desire. Women will benefit, but so will their families, community, workplaces and broader economy and society as a whole.



## About Fidelity International

Fidelity International offers investment solutions and services and retirement expertise to more than 2.52 million customers globally. As a privately held, purpose-driven company with a 50-year heritage, we think generationally and invest for the long term. Operating in more than 25 locations, we invest A\$614.9 billion globally on behalf of clients in the Asia-Pacific, Europe, the Middle East and South America. We are responsible for A\$243.7 billion in assets under administration.\*

**[fidelity.com.au](https://www.fidelity.com.au)**

If you require any assistance please contact us on **1800 044 922** (Client Services) or **1800 119 270** (Adviser Services).

---

\*Data as at 31 December 2021. Read more at [fidelity.com.au](https://www.fidelity.com.au)

Issued by FIL Responsible Entity (Australia) Limited ABN 33 148 059 009, AFSL No. 409340 ('Fidelity Australia'). Fidelity Australia is a member of the FIL Limited group of companies commonly known as Fidelity International. This report is intended to be general information and is not intended to be financial, legal, taxation or any other form of professional advice. The information and any opinions presented in this report have been obtained or derived from sources which Fidelity Australia reasonably believes to be accurate, reliable and current. However, neither Fidelity Australia nor any member of Fidelity International warrants or guarantees the accuracy, reliability, currency or completeness of this information or accepts any responsibility or liability for any errors or omissions. Fidelity excludes, to the maximum extent permitted by law, any liability which may arise as a result of the use of this report, including its content and any information that it references or makes available. © 2022 FIL Responsible Entity (Australia) Limited. Fidelity, Fidelity International, the Fidelity International logo and the F symbol are trademarks of FIL Limited.

