

# Own your worth

How women can break the cycle of abdication **and take control of their wealth**



Two major trends are profoundly impacting women. One, women are living longer—longer than men.<sup>1</sup> Two, nearly half of marriages are likely to end in divorce, with rising rates among couples over 50.<sup>2,3</sup> Inevitably, many women will become widows or divorcees—and eight out of 10 women will be solely responsible for their financial well-being.<sup>4</sup>

Some women will be ready. Many won't.

The twin forces of longer life expectancies and high rates of divorce have produced a sobering likelihood: that more women will end up alone. Women's average life expectancy is five years longer than men's.<sup>1</sup> The median age of widowhood is only 59 years old.<sup>5</sup> At the same time, the divorce rate among couples over 50 has doubled in the past 30 years.<sup>3</sup>

### **The women behind these statistics have lessons to share.**

UBS surveyed hundreds of divorced and widowed women about the financial challenges they faced on their own, the lessons they learned and, most importantly, the advice they would give other women.

While coping with feelings of grief and anger, these women suddenly had a range of financial responsibilities to address. Some even found unwelcome surprises from their former spouses, such as high debt, outdated wills and hidden accounts. With the wisdom of hindsight, nearly 60% of widows and divorcees regrettably wish they had been more involved in long-term financial decisions while they were married. A full 98% of them urge other women to become more involved early on.

### **Unfortunately, too many women ignore their advice.**

Fifty-six percent of married women still leave investment decisions to their husbands. Surprisingly, 61% of Millennial women do so, more than any other generation. What's more, most women are quite content with their backseat role when it comes to investing and financial planning.

### **Why are women—more educated, more successful and more outspoken than ever—leaving major decisions about money to someone else?**

Why are women not taking more control of their finances and, by default, their futures?

Why are younger women perpetuating the status quo rather than transforming it?

At a time when women control nearly \$40 trillion, why is the situation getting worse, not better?<sup>6</sup>

We surveyed nearly 1,700 married couples, both heterosexual and same-sex, to find the answers. Our research reveals many reasons for women's abdication, from historical and social precedents to family, gender roles and confidence levels.

### **Fortunately, breaking the cycle of abdication is possible.**

The best way to start is by turning to women who have been there. Learn from their experiences. Engage in their communities. Mine their wisdom. These women have much to say. Are we listening?

### **#ownyourworth**

# Advice from women who have been there

## 59%

of widows and divorcees wish they had been more involved in long-term financial decisions

Most of the widows in our study participated in some financial decisions while married, from handling cash flow and bills to saving and investing. Regardless of their level of engagement, however, most agree it wasn't enough. Six in 10 widows and divorcees regret not participating more in long-term financial decisions—and they hold themselves accountable. Even women who say they were meaningfully involved wish they had done more.

## 74%

don't consider themselves very knowledgeable about investing

For example, some women realized that years of inadequate saving compromised their lifestyle. Others learned that overly conservative or aggressive investment choices threatened their retirement goals. Women who discovered hidden debt or spending faced even greater challenges in planning for a future on their own.

The advice from divorcees and widows is clear: The time to become financially involved is today, not when unforeseen events happen in the future.

## 64%

of widows blame themselves for not being more financially involved (53% of divorcees)

## 56%

of widows and divorcees discover financial surprises

## 53%

would have done fewer household chores to find more time for finances

## 79%

of women who remarry take a more active role

## What's driving "gray" divorce?

**With divorce later in life becoming more socially acceptable, more women are divorcing after age 50.<sup>3</sup> Here are a few reasons why.**

- Women are more financially independent. More than half of women ages 55 to 64 currently work.<sup>7</sup>
- Online dating creates hope for new and better relationships. Gray divorce no longer means being alone forever.<sup>3</sup>
- Women would rather be single or seek a new partner than remain unhappily married.<sup>8</sup>
- Staying together "for the kids" is less of an issue when children are grown adults.<sup>8</sup>
- With increased longevity, the prospect of another 20 or 30 years in an unhappy marriage is no longer acceptable.<sup>8</sup>

## Would have, could have, should have

"I feel like it's me and the kids against the world. **It's frightening. I was caught by surprise ...** I had no time to really plan anything."

Mary, widow

"I didn't do a lot of the **things that should have been done early on.**"

Linda, divorcee

"I don't know how somebody 53 years old **doesn't have a will and how I let that get past me.** So, I am beating myself up now."

Barbara, widow

"I knew he had a retirement account, but **no clue how much was being put in there** from his company match."

Carol, divorcee

"I was the less knowledgeable of the couple and **I was feeling a lot more vulnerable.**"

Nancy, divorcee

"You can't rely on anyone else, so **you really have to take hold of the situation** [yourself]."

Sharon, widow

## Becoming single

### Divorced

1M

U.S. women get divorced annually<sup>9</sup>

### About half

of marriages expected to end in divorce<sup>10</sup>

69%

of divorces initiated by women<sup>11</sup>

1 in 4

divorces occur among couples over age 50<sup>3</sup>

### Widowed

975,000

U.S. women widowed annually<sup>12</sup>

59

median age of widowhood<sup>5</sup>

10+ years

average time women spend alone<sup>13</sup>

37%

decline in a widow's household income after spouse dies<sup>14</sup>

97%

advise women to educate themselves about finances

98%

encourage other women to take a more active role in finances

# Married women are ignoring the warnings

In direct contrast to the advice of widows and divorcees, many married women are taking a lesser role in managing the household finances. In a counterintuitive twist, Millennials are the most willing to leave investing and financial planning decisions to their husbands.

Many married women handle bill paying and day-to-day expenses, but the research is clear: Managing a checkbook and investing do not have the same impact on a woman's financial security—or that of her children.

Only **18%** of women who abdicate are very concerned about managing finances if something happens to their marriage

## Marital bliss?

**56%**

defer to a spouse on investments and financial planning

### Say they know all about the family's accounts

**88%** vs. **90%**

of women in same-sex couples

of women in heterosexual couples

**80%**

are happy with the division of financial labor

Only **55%**

say death or divorce would have a major impact on a woman's finances

### Think the consequences of not being involved in long-term financial decisions are too far off to worry about

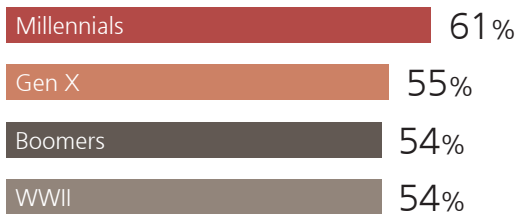
**34%** vs. **35%**

of women in same-sex couples

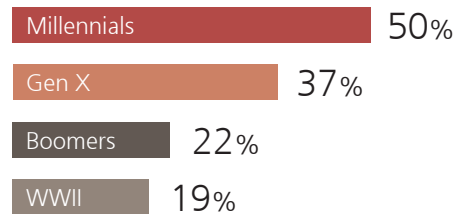
of women in heterosexual couples

## Millennials know they should change, but aren't

**Millennial women are more likely to leave major financial decisions to their spouse**

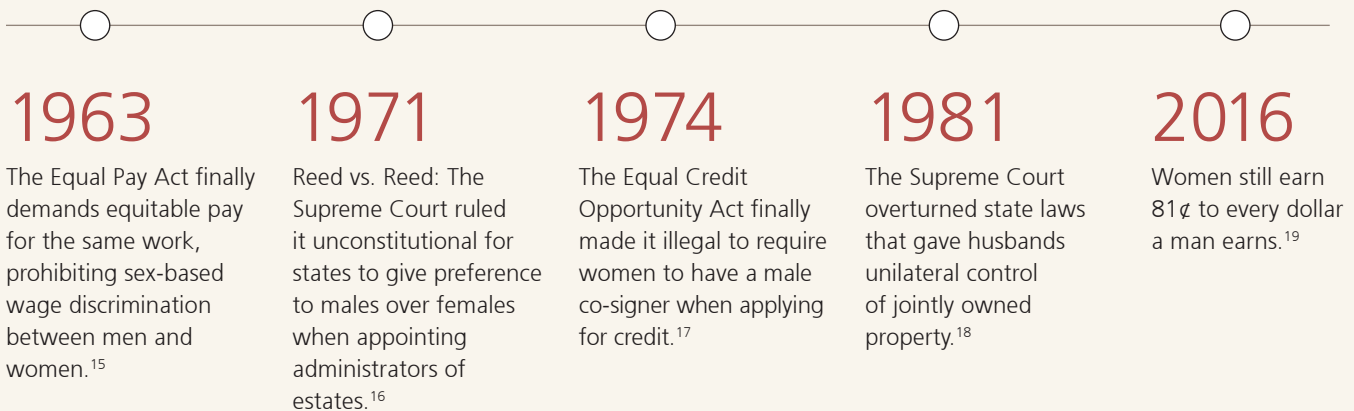


**But they are also more likely to believe they should be doing more to better manage their finances**



## How we got here: a look back

Only in the past 60 years have women gained equal financial footing in the eyes of the law.



# Still further to go

Why do women minimize their role in major financial decisions?  
According to our research, the reasons vary.



## Gender roles run deep

Gender roles are ingrained from early in life and often prove hard to shake. Men, for example, are still seen as financial providers.

This dynamic is revealed in everyday settings. Both men and women agree, for example, that the husband should pay for dinner. In fact, a third of men would feel emasculated if their wives paid when splitting a bill with friends. Wives agree: A third would feel awkward footing the bill in front of friends.

In many cases, married couples are simply imitating the gender roles they witnessed growing up. Most saw their mothers handle the day-to-day finances while their fathers handled the investing—and many have adopted the same division of labor.

**71%**

of women want their husbands to provide them with a sense of financial security

**87%**

of men expect to provide their wives with a sense of financial security



## Men are still the breadwinners

Within families, 70% of men are the main breadwinners, in part because of the gender pay gap and the career breaks women take to raise children. Most male breadwinners say it feels natural for them, as the breadwinner, to make major financial decisions for the family. Yet, when roles are reversed and women are the household's main breadwinner, 43% still leave the major financial decisions to their husbands.

**70%**

of men are the main breadwinners

**43%**

of women breadwinners still leave the major financial decisions to their husbands



## Time constraints are challenging

Whether married or not, women have many demands on their time. They take on the majority of household duties, including childcare and chores, as well as paying bills and tracking spending. It's not surprising then that 85% of married women who are less involved in long-term finances prefer their husbands to take care of it.

**47%**

of married women actively participate in key financial decisions when childcare is shared equally

vs.

**38%**

of women who have primary childcare responsibilities



# Competence vs. confidence

Together, history and society have conspired to affect women's financial confidence. Both women and men think men know more about investing, and women are less confident than men in making major financial decisions. Women consistently underestimate their own abilities while overestimating what is required to be financially involved. In reality, taking an active role in household finances does not mean becoming an expert—it simply means becoming more involved and aware.

# 2X

as many men say they are highly knowledgeable about investing than women

## Women feel unsure

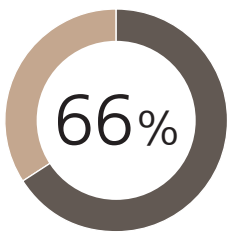
Only  
**25%**

of women in same-sex couples say they're highly knowledgeable about investing

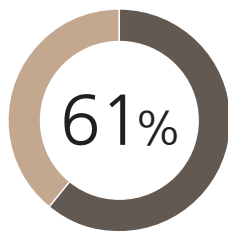
vs.

**29%**

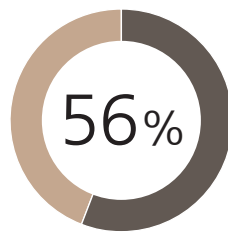
of women in heterosexual couples



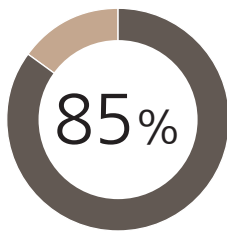
of women who are not interested in investing believe investing is too complicated



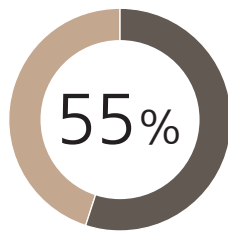
of women who are not interested in investing don't know where to begin



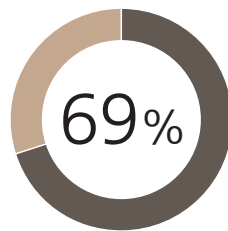
of women think the financial industry caters more to men



of married women who stay out of long-term financial decisions do so because they believe their spouses know more



of women are confident about making long-term financial decisions vs. 79% of men



of women believe that women overestimate what's required to be financially prepared

# Myth vs. reality

- 1** "We share financial decisions equally."

**Reality**  
Women often handle the day-to-day finances, but 56% leave key investment decisions to their husbands.
- 2** "Women have been on equal ground with men financially for a long time now."

**Reality**  
Women often needed a male co-signer to apply for credit until 1974. Women did not gain equal rights to marital property until 1981.<sup>18</sup>
- 3** "This is my mother's problem, not mine."

**Reality**  
Millennial women are more likely to leave investment decisions to their husbands (61% vs 54% of older generations).
- 4** "I'm unhappy with the disparity and I'm advocating for change."

**Reality**  
8 in 10 women are satisfied with their role in financial decisions, even when they take a back seat.
- 5** "The breadwinner takes the lead on investment decisions."

**Reality**  
63% of male breadwinners take the lead on long-term financial decisions vs. 38% of female breadwinners.
- 6** "I don't have time to be more involved because of other responsibilities around the house."

**Reality**  
When husbands share more equally in childcare and housekeeping, wives are more likely to be involved in long-term financial decisions.
- 7** "I need to be an expert to be a good investor."

**Reality**  
7 in 10 women agree that women overestimate what it takes to be financially savvy.
- 8** "It's OK for me to not get involved."

**Reality**  
59% of widows and divorcees regret not being more involved with financial decisions when they were married. 98% would advise other women to take a more active role.
- 9** "I won't ever have to manage finances on my own."

**Reality**  
8 in 10 women will end up alone, and therefore responsible for their own finances, often for a decade or more.
- 10** "I want things to be different for my daughter."

**Reality**  
Among parents with children under 21, 69% of fathers and 52% of mothers are OK with their daughter's future spouse taking the lead on financial matters.

# Three actions to take today

Think of getting involved in your financial life as a form of self care, much in the same way you take care of your health.

## 1 Own your worth

### Know where you stand and what you want for the future

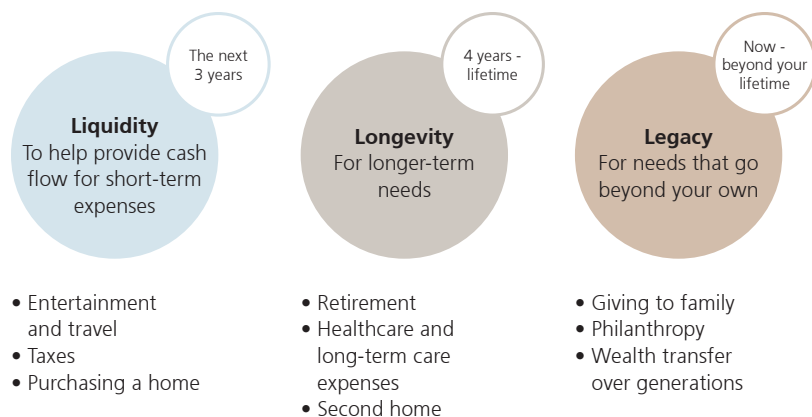
Take the time to add up your assets and liabilities, like loans, credit and other debts, and ask for full transparency from your partner.

### Ask yourself a series of questions to help in framing your needs

- What do you want to accomplish in your **life**?
- Who are the **people** who matter most to you?
- What do you want your **legacy** to be?
- What are your main **concerns**?
- How do you **plan** to achieve your life's vision?

### Then think about your wealth along three key dimensions

Eight out of 10 women believe organizing wealth in this way is a good financial strategy.



## 2 Find your voice

### Start the conversation with your partner

Talking about money is considered taboo to some couples, particularly before they are married. For example, men and women come into relationships with different attitudes toward spending and saving. Some couples would rather stay silent than provoke an argument.

But if you found yourself alone tomorrow, do you know what you'd do to make sure you're financially secure? There is a tremendous benefit to having open communication about money with a trusted confidante, a Financial Advisor or peers.

## 3 Set an example

### Model financial partnership for your family and loved ones

According to our survey, women are repeating the gender roles they saw growing up. As you begin taking a more active role in your finances, you can set an example of financial partnership for the younger generation.



### Get the word out

For your social network: Encourage women in your community to get more involved with finances now. **#ownyourworth**

## About the report

As women's life expectancies increase and the rate of divorce for individuals over age 50 continues to climb, more women will find themselves solely responsible for their own finances. UBS Wealth Management US embarked on research to explore their thoughts and feelings, the challenges they faced, lessons they learned and advice they would impart to other women. In addition we examined the financial dynamics of married couples to gauge women's level of and satisfaction with their financial involvement.

For this publication, UBS surveyed 599 women from September 21 – October 4, 2017 who have either been divorced (272 women) or widowed (327 women) within the last five years. All of these women have at least \$250k in investable assets. Another 21 widows and/or divorcees were interviewed face to face. Names have been changed to protect the privacy of individuals.

UBS also surveyed 1,474 married heterosexual couples from February 21 – 26, 2018 (961 women and 513 men) with at least \$250k in investable assets. Forty married women and men were interviewed face to face.

Data from 107 same-sex married women and 112 same-sex married men were also included.

All data included in this report is based on UBS proprietary research unless otherwise noted.

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<sup>1</sup> U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, National Center for Health Statistics, 2016.

<sup>2</sup> National Health Statistics Reports, First Marriages in the United States: Data from the 2006-2010 National Survey of Family Growth.

<sup>3</sup> Susan L. Brown and I-Fen Lin, The Gray Divorce Revolution: Rising Divorce Among Middle-Aged and Older Adults, 1990-2010, *The Journals of Gerontology: Series B*, Volume 67, Issue 6, November 2012.

<sup>4</sup> National Vital Statistics Reports, Vol. 66, No. 6, November 27, 2017.

<sup>5</sup> 2009 U.S. Census Bureau, *Number, Timing, and Duration of Marriages and Divorces: 2009*.

<sup>6</sup> Boston Consulting Group, *New Strategies for Nontraditional Client Segments*, 2016

<sup>7</sup> Women's Bureau, Department of Labor, 2013.

<sup>8</sup> AARP, *Life After Divorce*, 2012.

<sup>9</sup> Bowling Green State University, National Center for Family and Marriage Research, 2015.

<sup>10</sup> National Health Statistics Reports, First Marriages in the United States: Data from the 2006-2010 National Survey of Family Growth.

<sup>11</sup> Michael J. Rosenfeld, Stanford University, *Who wants the Breakup? Gender and Breakup in Heterosexual Couples*, 2017.

<sup>12</sup> American Community Survey, Marital Events of Americans, U.S. Census Bureau, 2009.

<sup>13</sup> Women's Institute for a Secure Retirement (WISER), 2015.

<sup>14</sup> Elizabeth Olson, "New Widows Have Another Concern: Their Finances," *The New York Times*, September 4, 2015.

<sup>15</sup> U.S. Equal Employment Opportunity Commission.

<sup>16</sup> National Women's Law Center.

<sup>17</sup> United States Department of Justice.

<sup>18</sup> *Kirchberg v. Feenstra* (1981). No. 79-1388.

<sup>19</sup> Institute for Women's Policy Research.

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