

EMPOWERING MIDDLE-INCOME WOMEN'S FINANCIAL DECISIONS:

NAVIGATING CONFIDENCE, OPPORTUNITY AND REPRESENTATION IN THE FINANCIAL SERVICES INDUSTRY

A report on findings from the
Primerica Financial Security Monitor™ survey.
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Introduction

Today the fast-moving financial services industry offers opportunities for everyone, and the road ahead for women seems particularly bright. To better understand these opportunities and how they differ for women, it is critical to recognize the paths they've taken and how their trek on the road ahead can be supported and expanded.

Looking back, the financial opportunity for women greatly advanced with the passing of the Equal Credit Opportunity Act of 1974.¹ Prior to that, women couldn't open a credit card account or obtain a mortgage without their husband's or father's signature on the loan. In the 50 years since, women have achieved remarkable progress in work, education and financial security. Despite these gains, significant gaps persist in how women understand and manage their finances. Lack of confidence, coupled with an underrepresentation of women in the financial services industry, highlights ongoing challenges and opportunities for empowering women on their financial journeys.

This report explores existing perceptions and opportunities to enhance and improve women's financial futures through financial education and planning. It also examines the opportunities for women within the financial services industry, ultimately aiming to pave the way for inclusion and empowerment.

Executive Summary

Primerica's Financial Security Monitor™ (FSM™) is a quarterly survey of middle-income households regarding their financial situation, economic concerns, perceptions about their ability to understand and participate in financial transactions, and plans for realizing their financial goals. Data from the survey shows a complex landscape, where women show high capability and success in managing their finances but often underestimate their own skills, particularly when it comes to more complex financial activities such as investing.

The findings in this report represent the collective responses of more than 7,800 women across the 15 completed FSM™ surveys since Primerica began polling middle-income households in 2020.

- **The Confidence vs Performance Challenge:** Primerica's survey data shows that women overwhelmingly express confidence in basic financial tasks like budgeting and saving. However, far fewer feel secure in their ability to invest in investment accounts like mutual funds. Other studies show women who are confident in their abilities to invest consistently outperform men in investment returns.
- **Increasing Engagement with a Financial Professional:** Only half of women surveyed feel some level of confidence in their ability to select a financial professional to advise them and just over half felt confident they could set up a retirement account like a 401(k). With this limited level of confidence and the importance of planning for retirement, it is not surprising that only 18% of

¹ H.R.8163 - 93rd Congress (1973-1974): Equal Credit Opportunity Act | Congress.gov | Library of Congress

women chose to work with a financial professional. Bridging this knowledge and confidence gap presents an opportunity for the industry to heighten the focus on delivering critical financial education to women alongside the support of a financial professional.

- **Women Seek Financial Advice to Make Up for Experience They Don't Have:** Women respondents said they mainly seek financial advice from professionals due to their own lack of experience, and they are likely to rely on friends and family for the same reason.
- **Women Want to Get Financial Advice from Someone They Relate to:** More than half of women surveyed value a financial professional who can relate to their background and understand their life journey.
- **Women Need to Expand Their Investments for a More Secure Financial Future:** Two-thirds of women own a savings account, but far fewer have invested in retirement accounts or non-retirement accounts showing a highly conservative approach to asset management. Returns from deposit accounts at banks are typically lower than inflation as well as being far below investment market returns over the long run, so money doesn't grow as much over time with a conservative approach.
- **Women Overwhelmingly Do Not Want to Use AI-powered Robo Advisors:** 75% of women prefer to get their financial advice from a human.
- **Careers in Financial Services Should Offer Flexibility:** Careers in financial services generally are not well marketed to college or entry-level women as viable career options as much as they should be. To attract more women to the field, the financial services industry should seek to recruit women with company sponsored training opportunities and by adapting their policies to better support women for whom family obligations might cause them to leave their careers altogether.

Women Underestimate Their Financial Skills

Despite often surpassing men in their education levels² and adeptly managing household budgets, many women express a lack of confidence when it comes to managing financial investments. For example, 78% of women surveyed by Primerica expressed confidence in setting and following a budget, and 72% felt secure in their ability to save for the short or long term. However, only 34% felt confident in their ability to invest in stocks and bonds highlighting a confidence challenge. This perceived gap in confidence and knowledge contrasts sharply with data that finds that women who do invest demonstrate overwhelming competence, discipline and success. A recent study from the Warwick Business School (U.K.) that tracked 3,000 investors' portfolios found that women investors outperformed their male counterparts over a three-year period, achieving a 1.8% higher annualized rate of return on average³, which amounted to a cumulative 5.5% higher rate of return overall. Similarly, a 2021 Fidelity study that tracked over 5 million U.S. investors over a decade found that women outperformed their male counterparts by about 6% on average.⁴

² As of 2022: women represent 53% of all college graduates and 54% of all Master's degree holders.

³ Are women better investors than men? | News | Warwick Business School (wbs.ac.uk)

⁴ FidelityInvestmentsWomen&InvestingStudy2021.pdf

Table 1: Share of female respondents in Primerica FSM™ survey indicating they are somewhat confident or very confident they would know how or be able to do each of the following:

Build good credit	83%
Pay down credit card debt	81%
Create and follow a financial budget	78%
Save for the short or long term	72%
Buy life insurance	62%
Repay all your outstanding debt before retiring	57%
Set up a retirement account such as a 401(k) or IRA	57%
Buy real estate	52%
Select a licensed and trained financial professional to assist you	47%
Invest in stocks, bonds, or mutual funds	34%

Note: Responses from the 15 panels of the Primerica FSM™ Survey. Not all options were asked in every panel.

There's often a significant contrast between what people say and what they do. For instance, while 47% of women respondents in Primerica's survey expressed confidence in their ability to select a licensed and trained financial professional, they are not taking steps to engage one. This is evidenced by the fact that only approximately 18% choose to work with a financial professional as seen in Table 3.

Trust in Financial Advice: What Matters Most?

The most recent Primerica survey in Q2 2024 explored trust between financial professionals and their clients by asking respondents to identify the key traits of such individuals. Through a series of questions, the survey revealed that clients gravitate toward financial professionals who can relate to their background, personal experiences or life journey.

Table 2: Female Respondents in the Q2 2024 Primerica Financial Security Monitor™ Survey

I trust people more with my financial information if they can relate to my background	
Strongly or somewhat agree	56%
Strongly or somewhat disagree	25%
I am more comfortable discussing financial questions/issues with someone who has a similar background as mine	
Strongly or somewhat agree	52%
Strongly or somewhat disagree	28%
My financial professional should have similar characteristics as me, such as education, age, gender, from the same neighborhood or area etc.	
Strongly or somewhat agree	33%
Strongly or somewhat disagree	46%

These results suggest that a one-size-fits-all approach to financial advising is not preferred. The one thing that stands out is the relationship – a financial professional is deemed trustworthy if they can directly relate to their client's situation.

Sources of Financial Advice: Where Do You Turn?

People seek financial advice from a variety of sources, both formal and informal. We might ask our friends where they are having success in their investments or family if they can recommend a good bank for a home loan. Primerica's Q2 2024 FSM™ survey explored who women go to for financial advice and why.

Women seek advice from professionals for their experience and expertise. They seek advice from friends and family for these reasons too, but also in nearly equal measure for the sense that friends and family are vested in their

success. For 70% of female respondents, the top reason given for seeking professional advice comes down to experience – needing financial expertise that women feel they don't have. Among women who cited seeking advice from friends and family, 44% said that went to them because they had experience the respondents lack and 39% said it was because the friends or family members were successful and they want to learn from them, 36% indicated it was because they trust them to give unbiased advice, and 35% because they felt friends and family want them to be successful.

Table 3: Primerica Financial Security Monitor™ Survey Q2 2024 Female Respondents

Why I seek financial advice from	A Financial Professional	Friends and Family
Share of respondents and where they seek financial advice from	18%	31%
They have experience I don't have	70%	44%
It's their job so they know what they're doing/They work or have worked in financial services so know what they're doing	44%	21%
I trust them to give me unbiased advice	31%	36%
They keep me accountable, on track with my goals	15%	2%
They care for me and want me to be successful	12%	35%
They are financially successful, and I want to learn from them	12%	39%
They help me stay the course when times are stressful	10%	7%
I depend on them for financial support	--%	5%
None of these	1%	3%

Women seek advice from professionals for their experience and expertise.

The Value of Professional Financial Advice in Today's Online World

Even amid the widespread availability of online resources and investment services, the role of a financial professional remains critically important. A trained financial professional is indispensable for increasing investment returns, decreasing volatility and risk, and lending support and guidance through thick and thin.⁵

When taking a holistic approach, the potential value a financial professional adds to household wealth is overwhelmingly in favor of retaining their services. On an individual basis, the support to weather volatile times in markets or target investments to reach personal goals is where professional advice really pays off.

Several studies have shown the benefits of using a financial advisor who follows well-known and established best practices for wealth management.⁶ Morningstar researchers in 2013 found that the support and savings discipline that comes with having a professional financial advisor can boost returns by as much as 1.6% on an annualized basis⁷, a crucial advantage for those starting with small investment portfolios. Similarly, Vanguard researchers in 2022 estimated the added value of professional financial advice at between 1.5% and 3% on an annualized basis.⁸ These estimates for the value for U.S. investors are corroborated by research by researchers at the Centre for Interuniversity Research and Analysis of Organizations

(CIRANO) on Canadian investors' experience.⁹ Over 15 years, investors working with financial professionals had 2.7 times the level of assets of their non-advised counterparts, largely due to greater savings discipline and a larger allocation of non-cash investments.

Interestingly, the support and guidance to stay the course and achieve financial goals ranked low in Primerica's survey as a reason to seek advice from professionals or friends and family. In a way, this underscores a crucial point: the true value of a professional hinges on the client's willingness to embrace that advice.

Are Women Ready to Trust Technology Over Humans?

As artificial intelligence (AI) becomes more embedded in our interactions, financial professionals are increasingly spending the bulk of their time on wealthy clients who need a hands-on approach. That would leave everyone else to get advice from newly AI-powered "robo advisors" that provide financial guidance based on fixed investment parameters.

Primerica's survey probed whether middle-income Americans are interested in using a robo adviser or whether they'd found the experience enjoyable if they'd already used one. A striking 73% of women indicated no interest in "robo advisors," while 1.7% said they had tried a robo advisor and were dissatisfied with the experience.

5 Within financial markets, the average return on investments is called the "alpha factor" of investing, the volatility or risk is referred to as the "beta factor," and the additional value a financial advisor brings by lending support and guidance through good markets and bad is sometimes called the "gamma factor".

6 Although often referenced, finding a simple definition within these studies is a challenge. But best practices for wealth management include tailoring the investment strategy for the client's goals and risk tolerance, optimizing for tax planning, comprehensively evaluating retirement and nonretirement needs including debt management and insurance, and focusing on maximizing net returns over the long term.

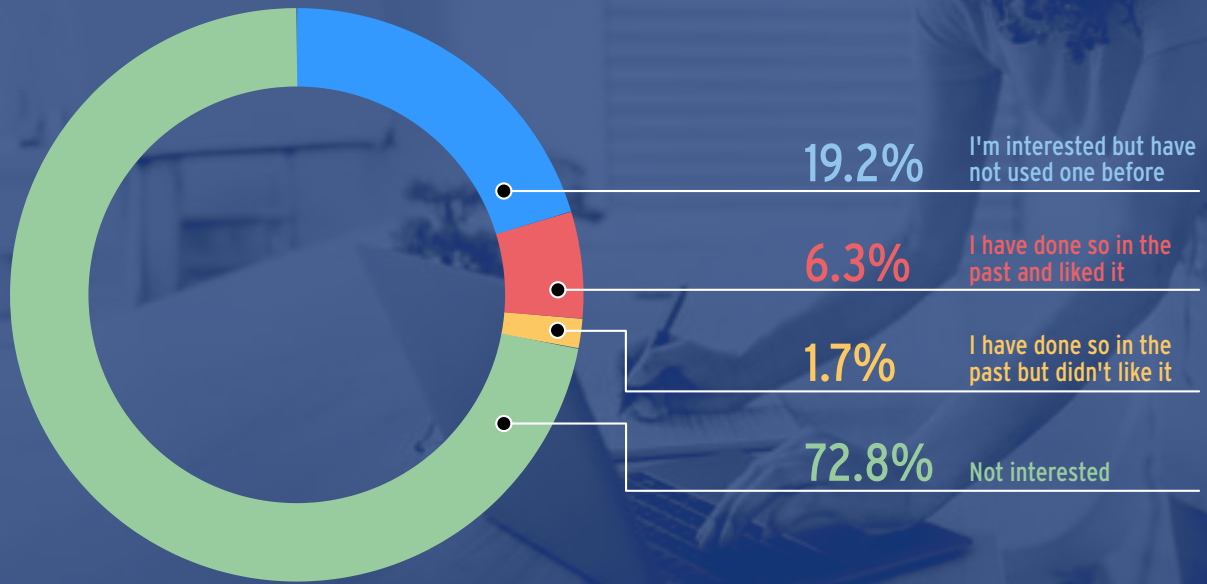
7 Blanchett, D. and Kaplan, P. 2013. "Alpha, Beta and Now ... Gamma," *The Journal of Retirement*, 1(2), 29-45.

8 Francis M. Kinniry Jr., Colleen M. Jaconetti, Michael A. DiJoseph, David J. Walker, and Maria C. Quinn. 2022. "Putting a value on your value: Quantifying Vanguard Advisor's Alpha@," Valley Forge, Pa.: The Vanguard Group.

9 Montmarquette, C. and Viennot-Briot, N. 2015. "The Value of Financial Advice," *Annals of Economics and Finance*, 16(1), 69-94; Montmarquette, C. and Viennot-Briot, N. 2016. "The Gamma Factor and the Value of Financial Advice.," CIRANO Working Paper 2016s-35; and Montmarquette, C. and Prud'Homme, A. 2020. "More on the Value of Financial Advisers" CIRANO Project Report 2020RP-04.

Primerica Financial Security Monitor™ Survey Q2 2024 Female Respondents: Would you consider using an online or all-virtual based financial advising service?

Not a person-to-person interaction of any kind



Women Rely Heavily on Traditional Savings Accounts to Support Retirement and Other Financial Goals

Financial assets are pivotal for managing daily or monthly expenses, preparing for possible emergencies or big ticket items, and saving for retirement. Primerica's survey found a savings account was the most common financial asset held among women, with 66% of respondents owning one. Additionally, 58% reported having an emergency fund of at least \$1,000 for unexpected expenses such as home or car repairs.¹⁰

As for retirement savings, while 51% of female respondents said they had an account through their employer, only 26% of respondents said they had a personal retirement account and just 15% had both. Among women who work full time, a concerning 32% indicated they did not participate in an employer-provided retirement account, missing out on tax-advantaged savings and potentially employer-matched contributions too.

As investors, many women tend to be conservative, looking for investments with a steady rate of return and relatively low risk. Primerica's survey found 74% of women had a savings account, a certificate of deposit account or U.S. savings bonds, all of which are low risk and often earn rates of return well below inflation. Only 21% of women respondents ventured into higher-risk, higher-reward investment accounts, such as stocks, bonds or mutual funds, meaning the vast majority are missing out on the opportunity to earn a much higher rate of return over time.¹¹

¹⁰ The savings accounts and emergency funds are not mutually exclusive in the question - the emergency funds may be held within the savings account or elsewhere.

¹¹ Investments involve risks, including possible loss of principal. This material is for informational and educational purposes only and should not be considered investment advice or a recommendation to buy, sell or hold a security or an investment strategy.

**Table 4: Among female respondents in the Primerica Financial Security Monitor™ Surveys:
Which of the following type of financial account do you have?**

A savings account	66%
Do you have an emergency fund that would cover an expense of \$1,000 or more (for example, for use if your car broke down or you had a large medical bill)?	58%
A retirement account provided through work	51%
A life insurance policy provided through work	39%
A home mortgage or home equity loan or real estate	37%
A life insurance policy you have purchased outside of work	27%
An individual retirement account (IRA) you fund yourself	26%
An investment in non-retirement accounts, like stocks, bonds, mutual funds, etc.	21%
Certificates of deposit (CDs) or U.S. Savings Bonds	13%
Gold coins, silver coins, or other precious metals	7%
None of these	6%
Cryptocurrency	5%

Note: Responses from the 15 panels of the Primerica FSM™ Survey. Not all options were asked in every panel.

The typical savings account, even now, earns well under 1% per year in interest, while many U.S. Treasury bond funds are yielding 4% or more. The right investment approach depends on each client’s risk appetite, investment horizon and goals. Financial professionals help clients not only make financial plans to weather market ups and downs, but they also encourage them to invest in assets with higher average long-term returns, accounts with the appropriate amount of risk based on client goals.

Are Women Underinsured?

Life insurance is a vital safeguard for anyone with dependents, whether for the income they bring in or the contributions they make as a member of the household. This type of insurance can be secured through an employer or individually. Life insurance policies secured through an employer are dependent on remaining employed with a particular company. This can prove more challenging for women vs. men given that women are more likely than men to leave the workforce to stay home to take care of children or aging parents and may not see life insurance as a necessary asset if they are no longer working.

According to a recent study by the Pew Research Center, 40% of women are primary breadwinners within the household.¹² In Primerica’s survey, 39% of women said they had a life insurance policy through work, while only 27% said they had personally purchased a policy. Importantly 42% of full-time female workers surveyed by Primerica do not have life insurance provided through work although it is a benefit offered by most large employers and many smaller ones. Further, in a 2023 report, LIMRA found that 44% percent of women – representing 54 million women – acknowledged they had a life insurance coverage gap.¹³ A financial professional can help women overcome common misconceptions that deter many from obtaining life insurance coverage.

¹² <https://www.debt.org/blog/women-primary-breadwinners>.

¹³ Stephen Wood, “2023 Insurance Barometer Study”, LIMRA.

Conclusion: Now is the Time to Empower Women as Investors and Financial Professionals

The progress made over the past 50 years has opened doors for women in many areas. Women today already yield considerable influence as business owners, managers, directors and consumers, holding a great deal of wealth and bringing their experiences to bear on their financial priorities. In fact, women currently control a substantial portion of personal wealth in the United States – about \$10 trillion as of 2022, with forecasts predicting that will climb to about \$30 trillion by 2030.¹⁴

With larger incomes, better financial education and ongoing cultural shifts, women are increasingly rising to great professional heights, such as serving on the Board of Governors of the Federal Reserve System, heading one of the largest U.S. banks, and running the U.S. Department of the Treasury. But just as importantly, they are also serving as the CFOs of their households.¹⁵

As women continue to increase their household wealth, it's essential they have access to financial information to make informed decisions for a more secure financial future. Female financial professionals may be better able to understand, empathize and adapt to effectively serve female clients than their male counterparts because they have relatable experiences with other women.

When it comes to the financial services profession, encouraging more to consider careers in the industry, alongside flexible work

schedules, will help. Retention strategies must also adapt, as women are more likely than men to temporarily exit the workforce to start families or to take care of their aging parents. Women also tend to place a higher priority on workplace flexibility¹⁶, offering part-time opportunities with the ability to work from home can increase their interest in joining an organization.

Lastly, by recognizing the unique needs and perspectives of women, fostering female role models and mentors and establishing an inclusive environment where female financial professionals can thrive, the industry can better serve a diverse clientele and help more women better secure their financial futures.

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¹⁴ "Women as the Next Wave of Growth in U.S. Wealth Management," by McKinsey & Co., July 29, 2020.

¹⁵ Kathryn Pomroy. 2024. "Half of All Households Have a Female CFO. Does Yours?" New York: Kiplinger Personal Finance

¹⁶ CareerBuilder Survey conducted by Harris Poll, Sept. 1, 2022.

About the Author

Dr. Amy Crews Cutts is an internationally recognized thought leader and chief economist focused on providing strategic economic analysis rooted in practical business terms. Amy is the President and Chief Economist of AC Cutts & Associates LLC, an economic and policy consulting firm. She was previously Senior Vice President and Chief Economist for Equifax and Senior Director and Deputy Chief Economist at Freddie Mac before that. With over 25 years of economic analysis and policy development experience, Amy is a passionate advocate for building the financial security of families and expanding consumer and small business access to low-cost, nonpredatory credit. She is a noted expert in credit reporting, consumer and small business credit markets, loan servicing, securitization, residential real estate including home equity and price indices, and trends in employment and compensation. She is a regular panelist in the Wall Street Journal and Blue Chip Economic Indicators surveys of economists. She earned her PhD from the University of Virginia and is a Certified Business Economist®, a distinction of professional achievement from the National Association for Business Economics (NABE).

About Primerica's Financial Security Monitor™ (FSM™)

Since September 2020, the Primerica Financial Security Monitor™ has surveyed middle-income households quarterly to gain a clear picture of their financial situation, and it coincides with the release of the monthly HBI™ four times annually. The findings in this latest report represent the collective responses of more than 7,800 women across 15 completed FSM™ surveys since Primerica began polling middle-income households in 2020. Using Dynamic Online Sampling, Change Research polls adults nationwide with incomes between \$30,000 and \$130,000. Post-stratification weights are made on gender, age, race, education and Census region to reflect the population of these adults based on the five-year averages in the 2021 American Community Survey, published by the U.S. Census. The margin of error is 3.0%. For more information visit [Primerica.com/public/financial-security-monitor.html](https://www.primerica.com/public/financial-security-monitor.html).

About Primerica, Inc.

Primerica, Inc., headquartered in Duluth, GA, is a leading provider of financial products and services to middle-income households in North America. Independent licensed representatives educate Primerica clients about how to better prepare for a more secure financial future by assessing their needs and providing appropriate solutions through term life insurance, which we underwrite, and mutual funds, annuities and other financial products, which we distribute primarily on behalf of third parties. We insured approximately 5.7 million lives and had approximately 2.9 million client investment accounts on December 31, 2023. Primerica, through its insurance company subsidiaries, was the #2 issuer of Term Life insurance coverage in the United States and Canada in 2023. Primerica stock is included in the S&P MidCap 400 and the Russell 1000 stock indices and is traded on The New York Stock Exchange under the symbol "PRI".