

# UBS Investor Watch

Italy insights: What's on investors' minds / 2019 Volume 1

## Own your worth

Why women should take control of their wealth to achieve financial well-being



For our latest *UBS Investor Watch*, we conducted extensive research to study how women around the world engage with their finances. We surveyed nearly 3,700 married women, widows and divorcees in Brazil, Germany, Hong Kong, Italy, Mexico, Singapore, Switzerland, the UK and the US.

We wanted to know: How do women around the world approach their financial well-being? Are they fully engaged in the financial decisions that affect them? And if not, why not?

### **The answers are surprising.**

Conventional wisdom often says that women don't participate much in their financial well-being, letting their spouses take the lead instead. That wisdom is only partly true. In fact, more than 80% of women globally are highly involved in their short-term finances, such as daily expenses, budgeting and cash flow.

Surprisingly, however, almost 60% of women do not engage in the most important aspects of their financial well-being: investing, insurance, retirement and other long-term planning.

Why do so many women focus on the present but ignore the future?

The reasons differ, often dramatically, across markets. For example, women in the US and Singapore opt out of long-term financial decisions because they believe their spouses know more. Women in Italy and Brazil say they have more urgent responsibilities. Women in Switzerland and Germany say their spouses never encouraged their involvement.

Regardless of the rationale, failing to plan for the future carries risk. As women around the world live longer, the likelihood of becoming widowed or divorced increases. Inevitably, women who plan for these possibilities will be better prepared.

But women don't need to do it alone.

In fact, women who approach long-term decisions in partnership with their spouses report soaring levels of satisfaction. Nearly all have high confidence in the future, feel less anxious about money and make fewer financial mistakes.

By sharing decisions jointly, both women and men can face the future with optimism—and set an example of financial partnership for generations to come.

# 1

## Increasing lifespans bring women's long-term financial needs to the forefront...

Women are expecting a long future, as lifespans continue to increase in the majority of the world, and experts predict that women in several countries will likely live into their nineties on average. In fact, 68% of women believe they will outlive their spouse.

With this in mind, women place particular importance on their long-term financial needs. For example, three-quarters (76%) say retirement planning is a top concern. Seven in 10 say long-term care and insurance planning are highly important as well.

### Women are aware of their increasing longevity

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### Women's top long-term financial needs

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Percentage of women who cite each as highly important



**76%**  
**retirement**  
planning



**72%**  
**long-term care**  
planning



**68%**  
**Insurance**

**“** I know that at some point in time I will have to manage my finances alone and I am definitely concerned about it. **”**

– **Switzerland, Female, 50**

**“** I'm really concerned with the rising costs of healthcare and whether I can afford my current lifestyle after retirement. **”**

– **Singapore, Female, 43**

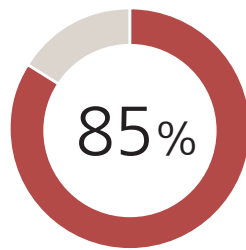
## ...but many women focus disproportionately on short-term financial needs

Though women are aware of their increasing longevity and the financial needs associated with it, most tend to focus their efforts on short-term financial responsibilities. Eight in 10 women, for example, are highly involved in managing the household's day-to-day expenses and paying the bills.

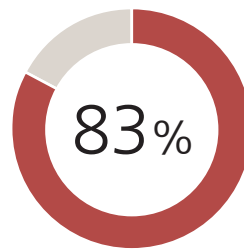
In contrast, only 23% of women take charge of long-term financial decisions, such as investing, financial planning and insurance—which can have far more impact on their future than balancing a checkbook. Only 19% of women share long-term financial decisions with their spouses. Instead, the majority of women (58%) defer to their husbands.

### Most women are highly involved in short-term finances...

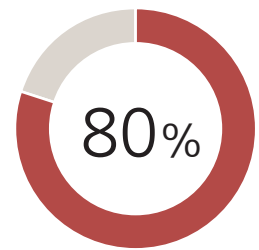
*Women who are equally or more involved than their spouses*



manage day-to-day expenses



participate in large purchase decisions



pay bills

### ...but many opt out of long-term finances

*Role in long-term investment and financial planning decisions*



**58%**

**My spouse**  
takes the lead



**23%**

**I take**  
the lead



**19%**

**We share**  
decisions equally

**“** I am responsible for paying all the bills, shopping and handling bank accounts while my spouse is responsible for major things like investing in the stock market. **”**

– UK, Female, 48

**“** Leading the household, paying the bills and all other day-to-day expenses fall under me, whereas investing is under him. **”**

– Singapore, Female, 48

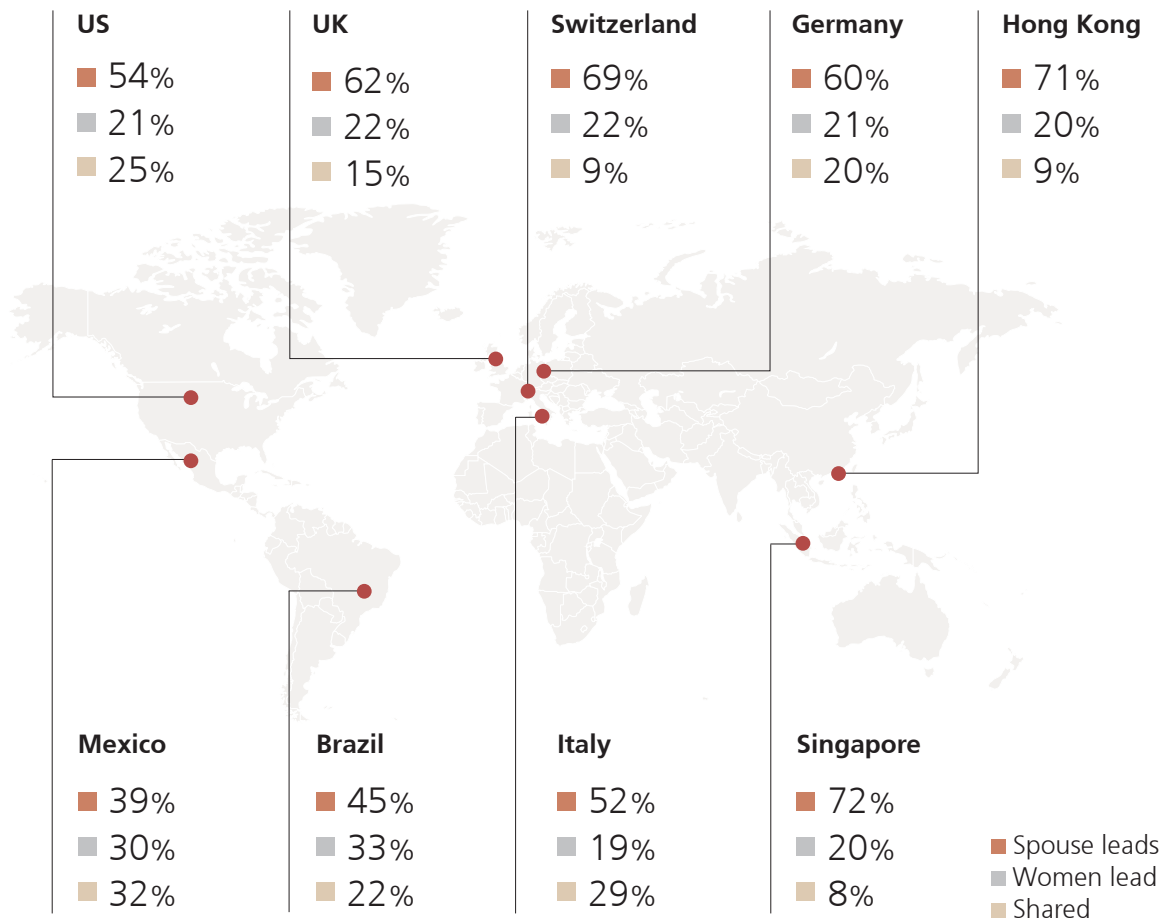
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## Many women defer long-term financial decisions to spouses...

Though most women defer to their spouses on long-term financial decisions, there are significant differences across markets. For example, women in Singapore, Hong Kong and Switzerland are the most likely to defer. Women in the UK and Germany also defer, though to a lesser degree. Just over half of women in Italy (52%) and the US (54%) defer.

Notably, women in Mexico and Brazil are the least likely to defer to their spouses. More than half of these women either make long-term financial decisions jointly or take the lead themselves, the highest among all the markets surveyed.

### How women defer financial decisions around the world



Figures may not add to 100% due to rounding.

“ I was good with managing my money and not spending more than I had, but I wasn’t inclined to want to learn about investing. I just sort of repelled from it. ”

– US, Female, 65

“ My spouse takes the lead on investment decisions as he has more knowledge and experience. ”

– Hong Kong, Female, 42

## ...because they believe men know more about investing and planning

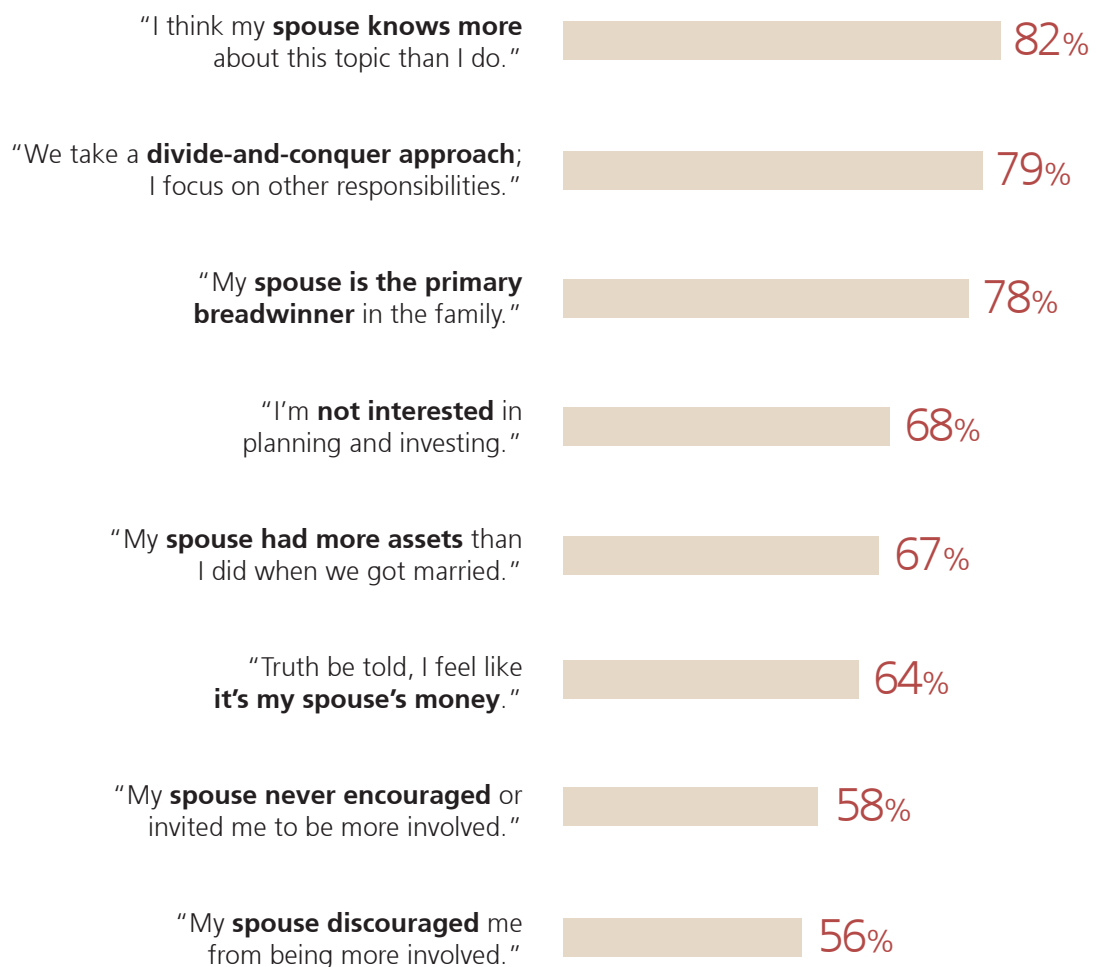
Women who defer to their spouses have many reasons for doing so, such as more urgent responsibilities, a lack of interest in long-term finances and even discouragement from their spouses.

However, the main reason has to do with women's assumptions about who knows more. A full 82% of women think their spouses know more about long-term finances, citing this belief as their top reason for deferring.

### Reasons why women abdicate long-term investing decisions

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Percentage of women who cite the following as reasons they defer to their spouse



"From the day I married him, he was the one who always managed the finances, so I think it's a matter of experience. He's gained all the knowledge with regard to investments."

– Mexico, Female, 52

"I want to be more involved in making the investment decisions so I can learn, but my partner thinks I'm not that capable."

– Italy, Female, 44

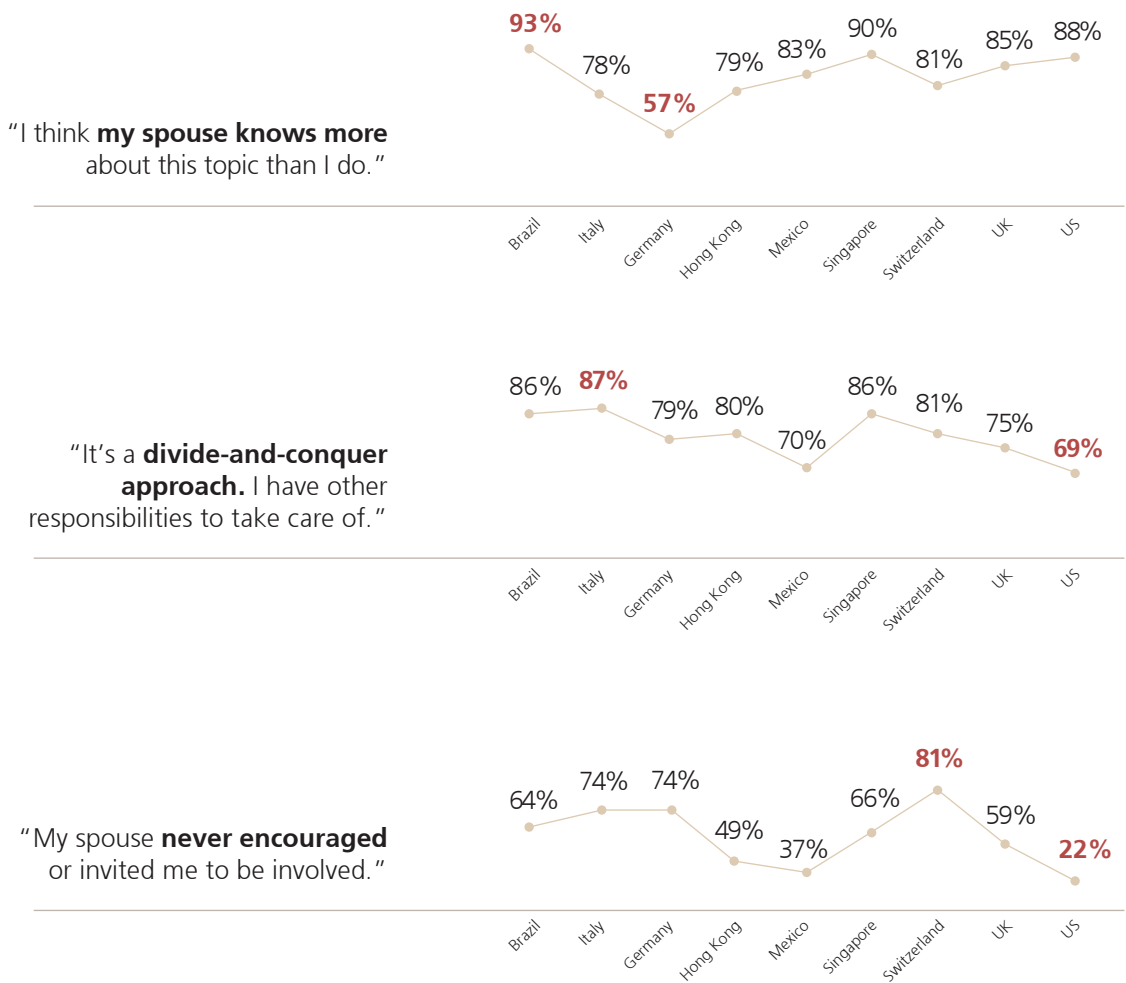
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## Across markets, women reveal stark differences in why they defer to spouses

When comparing markets, it is clear that women have different reasons for deferring to their husbands. For example, Brazilian women are most likely to defer because they believe their husbands have more financial knowledge, compared to 57% of German women who feel the same. Women in Italy and Singapore are likely to say they have more pressing responsibilities, while Swiss women are most likely to say their spouse never encouraged them to be involved.

### Reasons women defer, by market

Percentage of women who defer to their spouses agree



“The financial world feels like a mystery and I don’t feel like I have a good handle on it. I always wanted someone else to do it so I wouldn’t have to. ”

– US, Female, 65

“My husband is the primary breadwinner in my family, so he takes care of the major financial responsibilities. ”

– Hong Kong, Female, 42



# Women who participate with spouses equally enjoy the benefits of shared decisions

Women who participate in long-term financial decisions with their spouses not only increase their chances of financial security, but they feel more positive about the future.

For example, nine in 10 women who make joint decisions feel less anxious and more confident about their financial security. Nearly all feel more prepared to manage their finances if something happens to their spouse.

## The benefits of shared decisions

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Percentage of women who share in long-term financial decisions agree



“ Equally participating in the investment decisions helps us to maintain transparency. It also reduces the chance of making any wrong decisions related to such crucial matters of investment. ”

– Mexico, Female, 50

“ Sharing the responsibilities really distributes the financial pressure and we make equal contributions to our living standards. ”

– Brazil, Female, 55

# 4

## Many women learn the costs of deferring when marriages end

Few women realize the consequences of deferring until after a divorce or the death of a spouse. Some widows and divorcees were disappointed to discover hidden debt and inadequate savings that compromised their lifestyle.

With the wisdom of hindsight, 76% of widows and divorcees wish they had been more involved in long-term financial decisions while they were married. Nearly eight in 10 (77%) urge other women to take a more active role. Women in Mexico and the US feel most strongly about encouraging women to take action.

### Widows and divorcees advise greater financial engagement

# 74%

discover negative **financial surprises**

# 76%

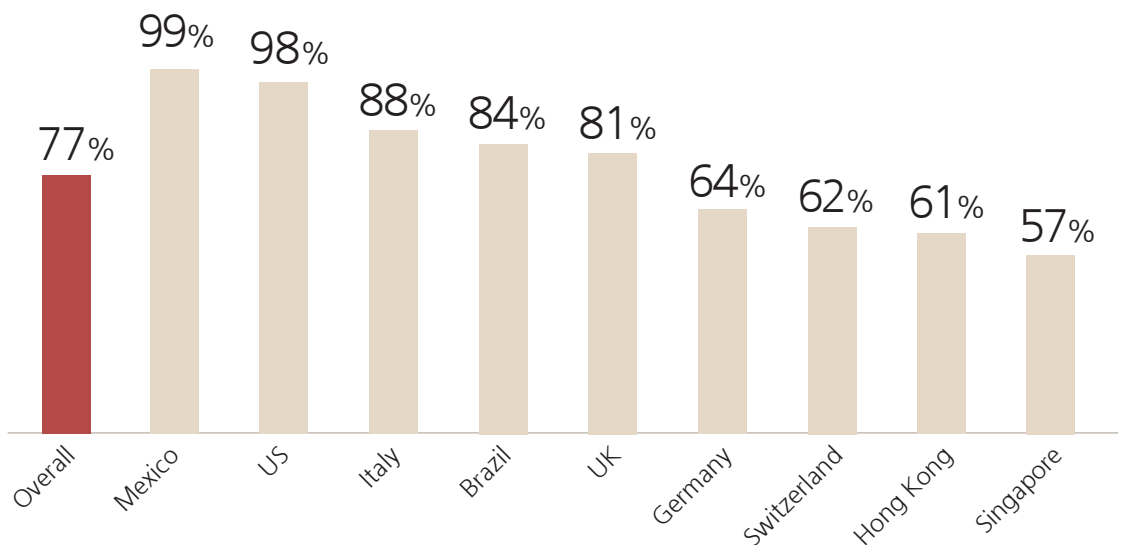
wish they had been **more involved** in long-term financial decisions

# 77%

encourage other women to **take a more active role** in their finances

### Call to action

Widows and divorcees who urge greater involvement, by market



“ My regret is that I didn’t learn as much as I should have during my marriage. I was too preoccupied with my work, the house and the children. ”

– UK, Female, divorcee

“ Most of the time I took no interest in financial decisions, which is why we were not equipped for this awful situation. ”

– Germany, Female, widow

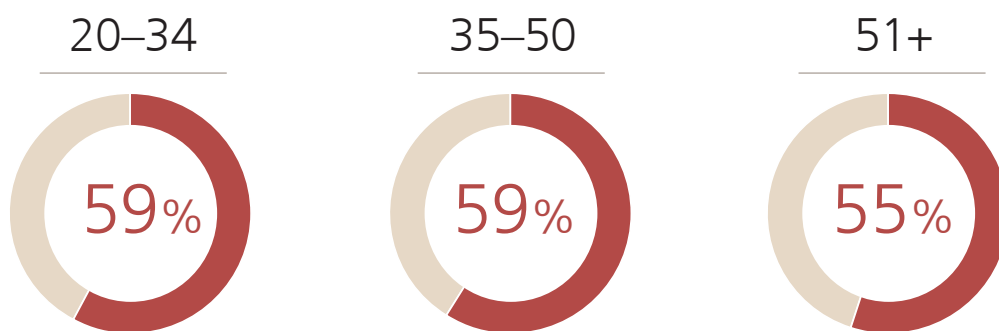
## Younger women are perpetuating the status quo

In a counterintuitive twist, younger women are even more willing than older women to leave investing and financial planning decisions to their spouses. Nearly 60% of women under 50 defer to their spouses, compared to 55% of women over age 50.

Younger women are most likely to say they have more urgent responsibilities than investing and financial planning. They are also most likely to believe their spouses know more about long-term finances than they do. Rates of deferral among young women are highest in Singapore and lowest in Brazil.

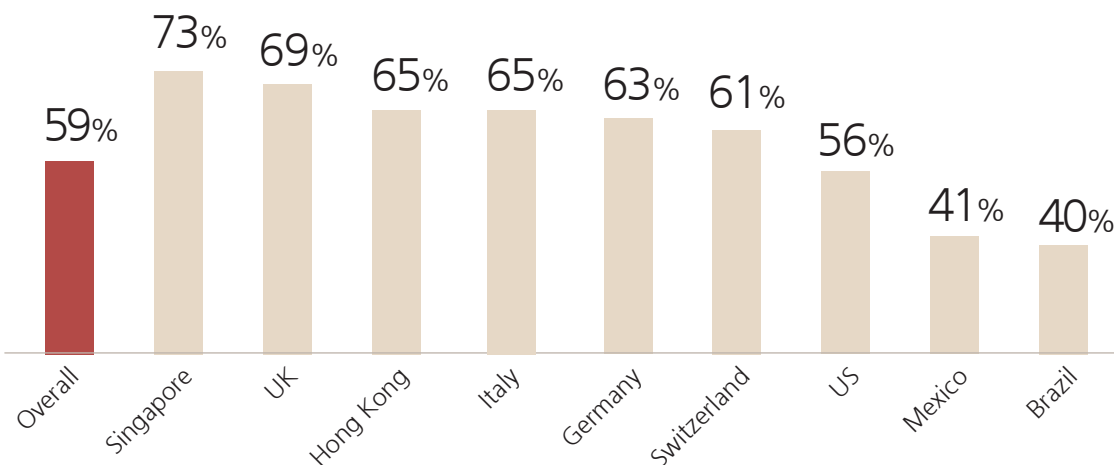
### Younger women defer at higher rates

Women who defer to spouses, by age group



### Rates of deferral among younger women

Women age 20-34 who defer, by market



“I’m exhausted with running around with the toddler and have fears about my own lack of investing knowledge. ”

– US, Female, 38

“With my husband taking the lead on investment decisions, it allows me to concentrate on my children more. ”

– Germany, Female, 41

# 5

## Women are largely focusing on shorter-term financial decisions...

With increasing life expectancy come new financial challenges, particularly regarding retirement. At present, 79% of Italian women rate retirement planning as their most important long-term financial need, while 80% rate long-term care planning as the most pressing issue.

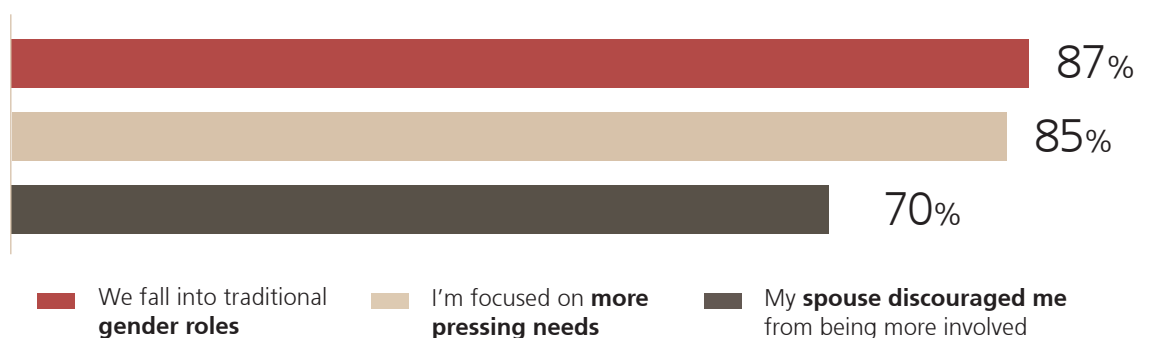
While Italian married women recognize their longer-term financial needs, their attention is largely focused on the short-term. They are mostly responsible for college education funding (91%), paying bills (90%) and day-to-day expenses (89%). When it comes to long-term decisions, this figure falls dramatically, with 52% Italian women deferring to their spouse.

Their motives for deferral are wide ranging, but one key reason is that attention is focused elsewhere, often driven by traditional gender roles.

Almost three quarters (73%) think that a high level of knowledge is needed in order to make good investment decisions. Many continue to turn to professionals for support or advice related to financial needs when suddenly single, rather than friends or other family members.

### Reasons why women defer to their spouse are wide ranging...

Percentage of women who cite the following reasons for their low involvement



### And many turn to others for help when they become suddenly single...

46%

turned to a financial advisor

45%

turned to an attorney

33%

turned to an accountant

“ Being a woman it becomes my duty to know everything about the household. I do the majority of it. ”

– Italy, Female, 44

“ I am not at all good at managing my finances. I lack somehow the skills. ”

– Italy, Female, 54

## ...putting many in a difficult position when marriages end

A similar proportion (71%) of widowed and divorced women say they were not well prepared financially for life after this moment.

Added to this, 58% of Italian widows and divorcees encountered a financial surprise post-divorce or after the passing away of their spouse. 39% admit that they were surprised to discover financial support their spouse had provided to someone else and spending their spouse had hidden from them (36%). Four in ten also discovered more assets than they expected (41%).

With this in mind, nine in ten widows and divorcees (88%) advise other women to take an active role in their own household finances. A similar share (86%) also suggests that women take steps to educate themselves about finances in order to prepare for all eventualities.

### Key financial surprises after marriages end...

*Percentage of widows and divorcees that discovered these surprises*

41%

more assets than expected

39%

financial support their spouse had provided to someone else

36%

spending that their spouse had hidden from them

### ...that lead them to advocate for married women taking control of finances

*Percentage of widows and divorcees that recommend the following to married women*



88%

"Take an active role in understanding household finances."



86%

"Take steps to educate yourself about finances."

# 6

## Taking control

Our research revealed that many women delegate long-term financial decisions – like investments, pensions and insurance – to their spouses when they get married.

That's risky. As life moves on, different circumstances and events can force women to take control of their finances – when they're least prepared to do so.

But it's a different story for women who share decisions with their partners about long-term finances. They feel confident about the future and their money today, because they're better prepared for whatever might happen tomorrow.

### Own your worth

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Understanding your financial situation at every stage of your life is key to being prepared for all of life's challenges and opportunities. At UBS, we provide expertise and best-in-class financial solutions for every stage in our clients' lives. Our aim is to be a reliable partner for our clients, who need more than just a bank, by:

- Better serving women by providing tailored holistic advice along their lifecycle
- Delivering opportunities for women to connect and get more involved in financial decisions
- Offering advice beyond investing and access to specialists around the world

Take the first steps today to take charge of your financial well-being and visit [ubs.com/wm](https://ubs.com/wm)

**About the survey:** As women's life expectancies increase and divorce rates remain high, more women may find themselves solely responsible for their own finances. UBS Global Wealth Management embarked on research to gauge women's level of and satisfaction with their financial involvement. From September 2017 to January 2019, UBS surveyed 3,652 women. Of these women, 2,251 were married with at least \$1m in investable assets. Others (1,401) were either divorced or widowed. These women had at least \$250k in investable assets. UBS also conducted in-depth interviews with 71 female respondents. The entire global sample was split across nine markets: Brazil, Germany, Hong Kong, Mexico, Singapore, Switzerland, Italy, the UK and the US.



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