



the financial power of women

A state of the nation
report on the barriers
to women investing



Unlocking women's
financial power



Fidelity[™]
INTERNATIONAL



foreword from Maïke Currie

contents

Foreword from Maïke Currie	1
Industry endorsements	2
Chapter one: the hurdles women face	4
Chapter two: unlocking financial power	8
Chapter three: women and money – busting the myths	12
Chapter four: what the investment industry can do	14
Chapter five: what we as women can do	18
Chapter six: a level playing field	20
Methodology	21
Bibliography	21

Financial inequality is one of the greatest challenges we face. On current trends, it will take more than 200 years¹ to close the gender pay gap. This is unacceptable. We have to act now to remove the barriers that stop women from having their money working for them through investment and so unlock female financial power.

Today, the majority of women don't invest in the stock market. Instead of putting more into a pension or utilising the tax-efficiency of stocks and shares ISAs, women favour the perceived caution of cash. But this caution comes at a cost: by leaving their hard-earned money languishing in cash, their savings fall prey to inflation and lose value in real terms.

Behavioural finance has found women perform well when they do invest. Work carried out at Berkeley's Haas School of Business found that men traded 45% more than women. Women, in contrast, tend to be 'buy and hold' investors. They have long-term goals and are happy to stick to these goals, whether it's saving for a child's education or putting something away for retirement. This wiring is just right for investing in the stock market, because those who remain invested can benefit from the long-term uptrend in stock markets.²

But barriers exist that stop women from investing. A lack of time, confidence, access to the right information, industry jargon and not knowing where to start are just some of the obstacles that

stop many women from thinking that investment is 'for them'. Until these hindrances are removed, or at the very least addressed, we cannot unlock women's financial power.

It is time to act. This is why we've launched our GET INvested campaign, beginning with this state of the nation research into what men and women think about investment and what is needed to effect lasting change. The analysis in the report will help inform our Fidelity Women & Money Innovation Labs. This is where industry, government, the media, influencers and women from all walks of life will come together to identify ways of unlocking women's financial power, address the glaring pensions gap and help facilitate change. Change that will not just benefit women, but society and the economy as a whole. It's an important conversation, and one that we are following up with action.

It's about getting the other 50% of the population to harness their financial power through investing – the breadwinners and homemakers, the ones looking after the family, caring for sick and elderly relatives, managing the purse strings and teaching the next generation about money.

I look forward to hearing your thoughts on what must be done to help women GET INvested.

**Maïke Currie, Investment Director,
Fidelity International**

industry endorsements



**Michelle Cracknell, Chief Executive,
The Pensions Advisory Service**

It is timely that we act to empower women to take the action needed to secure their finances. We see a difference in the way women talk about their pension to us, where they go for support and the issues that they prioritise. There are key aspects of pensions planning that tend to impact women more, such as career breaks, part-time/multiple appointments and lower earnings. But, it is important to recognise that women take in and seek information in a different way. We need to seek out ways that we can make women more confident in dealing with their money.



**Sarah Pennells, Founder,
SavvyWoman.co.uk**

I'm absolutely delighted that Fidelity has committed to helping women get invested. For years the investment industry has largely ignored women - deciding that we're too cautious to consider investing - rather than taking time to find out the real reasons.

The barriers to investing for women are incredibly complex, and some will take years to address. But using confusing language and failing to ask women what they want certainly doesn't help. If the investment industry is serious about getting more women to invest, it must be prepared to make some meaningful changes, as this report highlights.



**Kalpana Fitzpatrick, Finance Editor,
Good Housekeeping, Prima & Red**

The world is changing. Women have more power and control than ever before, except for when it comes to their money. We are naturally cautious with our money, so we stick to the security of keeping our savings in cash.

But it's time all women took financial control and started investing - it is, as far as I am concerned, the golden rule of building wealth. Wealth equals security, comfort, freedom and the ability to enjoy life - why wouldn't you want it?

I am so pleased to see Fidelity's report uncover the barriers to investing, so that we can start tackling the issues and improve the financial strength of women.



**Bev Shah, CEO and Founder,
City Hive**

100 years since some women won the vote in the U.K. and we still face many inequalities in society - our bank accounts are one of them. From the Gender Pay Gap to the Gender Pension Gap, women can no longer ignore the numbers. In its report Fidelity are not shying away but shining a light on the truth and showing us what needs to be done to nurture our financial health.



**Simon Lambert, Editor,
This is Money**

Encouraging more women to understand and engage with their finances and invest to grow their wealth is vitally important.

There is no reason why the world of investment cannot be one that everyone engages in and encouraging people to take control of their money and make more of it is vital.

chapter one: the hurdles women face

As women, we live longer and earn less. We dedicate time away from our careers for our families, raising children, or caring for ageing or sick relatives. We make these choices not always because it is what we want to do, but because it is what has to be done. However, few of us realise the impact of these decisions on our financial power. Only by understanding how these choices influence our financial wellbeing and overall wealth over a lifetime, can we begin to define what must be done.

To be or not to be an investor

Most of us don't consider ourselves investors, but it's more than likely we're already doing so through workplace pensions. In April 2012, the government initiated auto-enrolment, ensuring that anyone earning over £8,105 a year is automatically enrolled into their workplace pension. This was increased to £10,000 from 2014/15³ and applies to each job, rather than the total amount earned each year.

Currently, you contribute a minimum of 3% of your salary and your employer contributes a further 2%. Of course, you can choose to 'opt out', but auto-enrolment legislation has ensured that the majority of us will make regular contributions into a pension pot that is then invested in the years running up to our retirement. This means the contributions can grow throughout our career.

So, we are investing for our future, but the outcome is very different to men thanks to the thorny issue of the gender pay gap, which averages 18.4%.⁴ We earn less, which means we have less to put into our pot.

Of course, the gender pay gap is nothing new. Figures from the Office for National Statistics (ONS) documenting this gap go back 20 years.⁵ This gap is driven by many factors including our under-representation in the workforce, especially in senior and higher paying roles and industries, along with greater familial responsibilities. The decision to raise children or return to work on a part-time basis can stall career progression, reducing our earning potential.

Less well-documented, however, is the far-reaching impact this has on our future. According to ONS data, the average man working full time earns an average of £718 per week. By comparison, we earn £578 per week.⁶ The knock-on impact is that our average pension pot, including both workplace and personal pensions, is £5,600 less than the average man's. That's £28,900 compared to the average man's pension pot worth £34,500.⁷

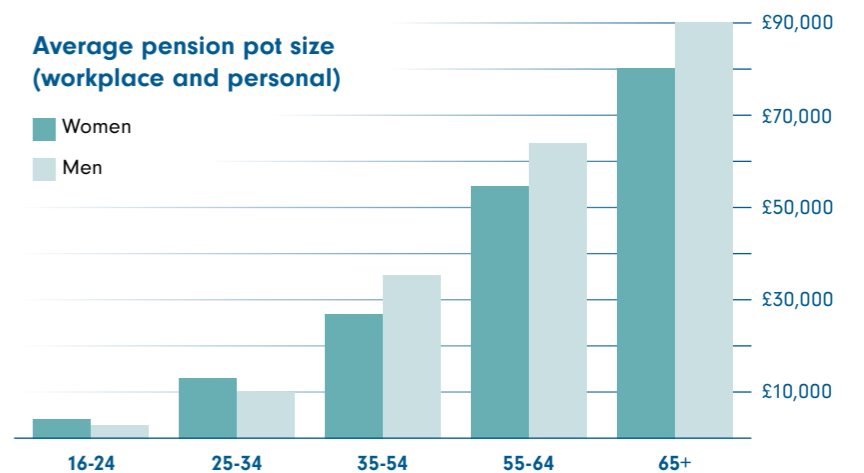
This gap widens with age. For those in or near retirement, the figures are even starker. For men aged 55-64, their pension pot (both workplace and personal) is worth over double⁸ that of the average woman's.



"today, 7 in 10 people aged 90 and over are female"

We are not alone in this. Half of EU countries⁹ have a gender pension gap that means a difference in retirement income between the two genders of 30% or more. According to the World Economic Forum¹⁰ it will take 217 years to close and reach pension parity.

Don't expect to fall back on your state pension. As the Cridland Report into the State Pension age¹¹ points out, women are projected to have around a 25% lower income on average than men in their first year of retirement.



Source: ONS pension wealth, February 2018

Most of us will therefore reach retirement with substantially less in pension savings than our male counterparts, despite the fact that we are more than likely to outlive them. The latest figures from the ONS¹² show that in 2015, there were estimated to be 14,570 centenarians

living in the UK. In just 20 years, numbers have quadrupled from 3,420, with a 65% increase in the last decade alone. Drill deeper into the numbers and you'll see that the majority of these people are women. Today, 7 in 10 people aged 90 and over are female.

the penalties that come with choice

We take breaks from our career for all the right reasons, and then face severe setbacks to our financial power when we return in terms of career progression, earning potential, retirement savings and investable income.

1. 'The Motherhood Penalty'

At some point in our working lives, many of us may take time off from our careers to have children. The divergence in men's and women's salaries start during the childbearing years. Any additional time we choose to take off after statutory maternity leave, or if we construct a part-time working arrangement, is often a negotiation that includes a drop in earnings. Research from think tank the Social Market Foundation highlighted working mothers earn 20% less than fathers ten years after the birth of their last child.¹³ Shared parental leave remains chronically underused: just 8,700 new parents opted to take shared parental leave in 2016/2017 – 1% of those eligible to do so. In comparison, 661,000 mothers and 221,000 fathers took maternity and paternity leave over the same period.¹⁴

2. 'The Childcare Penalty'

British parents shoulder some of the highest childcare costs in the world. This year, the average price of 25 hours of care a week for a child under two in a nursery is £6,300 per year,¹⁵ a 7% rise since 2017. Many parents calculate that they simply can't afford to shell out their entire salary or more on childcare, and make the financial and emotional decision to leave their careers to look after their children. However, it is still mostly women making this choice. ONS estimates show that in couples 65% of mothers are in work, compared to 93% of fathers.¹⁶ Another challenge is the fact that tax rules dictate a limit to how much we can put into a pension each year, making it impossible for many women to 'catch up' on missed contributions later on.

3. 'The Good Daughter Penalty'

We're more likely to take time off work than men to care for elderly relatives. In 2016, around 8%¹⁷ of the private household population acted as 'informal carers' for someone. Nearly two-thirds (59%¹⁸) of these carers were female and, overall, it's estimated that unpaid carers provide social care worth £57 billion¹⁹. The need to take care of a sick or elderly relative often falls at a time in our lives when we should be consolidating our pensions and savings to prepare for retirement.

Making money work harder: the relationship between confidence and risk

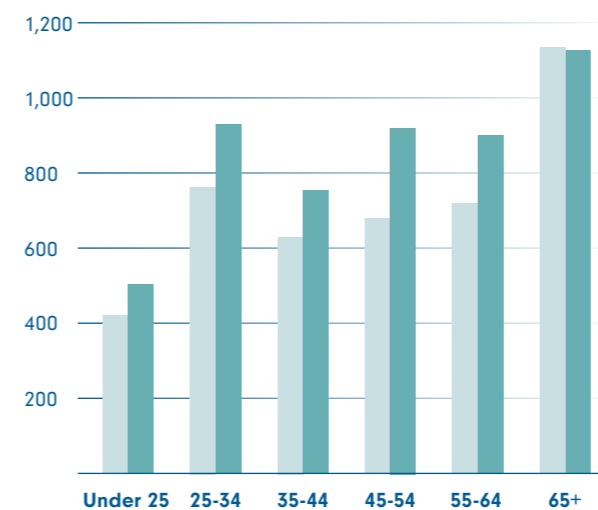
It's not just work or societal expectations that impact the gender pension gap. Too often, we don't feel confident making financial decisions that are about saving, investing and securing income for the future, because we don't feel we understand financial products well enough. When we do make decisions, it seems our default approach is to be cautious.

The numbers back this up. For example, when it comes to saving into an Individual Savings Account (ISA), we are diligent savers holding more in ISAs overall. But here's the rub: we do so in cash while our male counterparts favour stocks and shares ISAs. According to HMRC figures, more women than men subscribed to cash ISAs in 2015-2016 (5,193 compared to 4,379), while more men subscribed to stocks and shares ISAs (1,101 to 892).²⁰



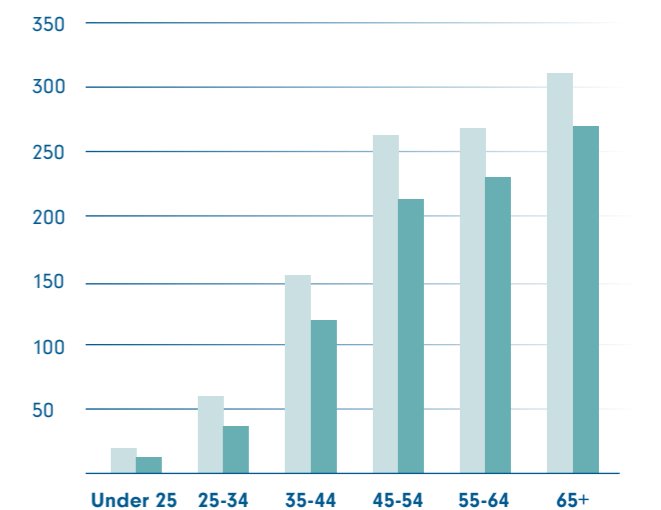
more men save into stocks and shares ISAs than women

Individuals subscribing to cash ISAs in 2014/15 (thousands)



Source - HMRC number of individuals subscribing to an Individual Savings Account (ISA) by age and gender

Individuals subscribing to stocks and shares ISAs in 2014/15 (thousands)



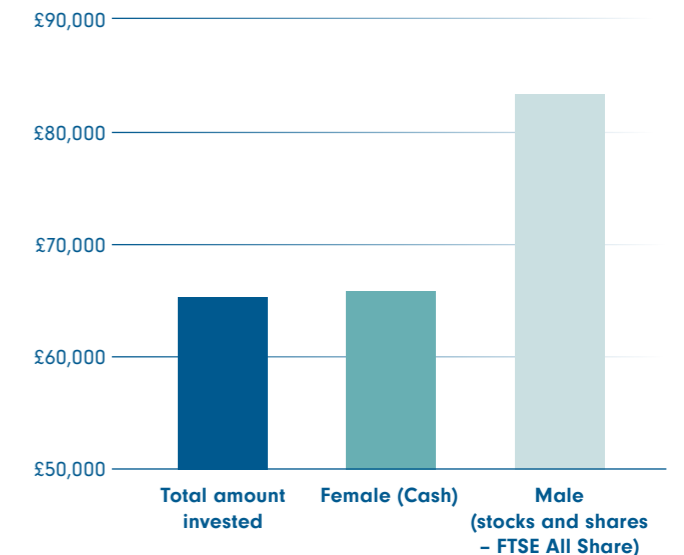
Source - HMRC number of individuals subscribing to an Individual Savings Account (ISA) by age and gender

If we look at what results we 'could' enjoy by investing our money in stocks and shares, we can see the scale of the financial opportunity. If we had used our full ISA allowance each tax year over the past four years, saving a total of £65,480 in a stocks and shares ISA, and invested this money into the FTSE All Share, our initial investment would have reached a total of £82,434.²¹

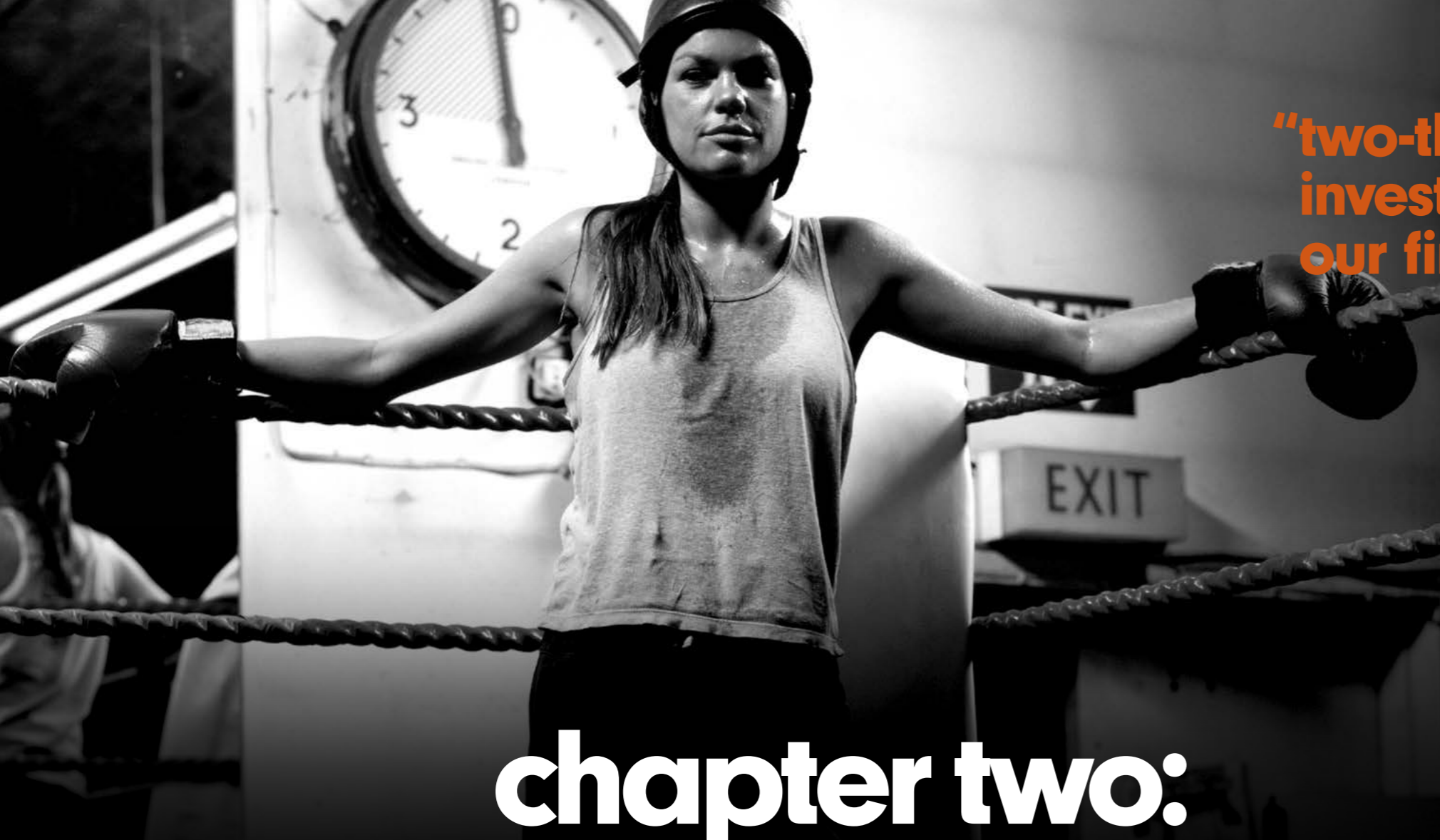
In contrast, if we had taken the cautious approach many women prefer and saved the same amount into cash (again, with a total of £65,480), then based on the interest offered by the average UK savings account, our money would have grown by just £290.²²

The difference between an investment in the stock market versus cash would have been more than £16,600 over just four years. That's a return of more than 25%. Savings in cash would have yielded a paltry return of 0.44%.

Results for men investing in stocks and shares ISAs vs women saving in cash



Source: Fidelity International, May 2018. Based on full ISA allowance invested in the FTSE All Share vs Morningstar UK Savings 2500 from 30.4.14 -31.5.18



“two-thirds of us know that investing will help to improve our financial strength”

chapter two:

unlocking financial power

If we consider the fact that women are expected to control 60% of the UK's wealth by 2025²³ – less than a decade away – we need to make this money work as hard as possible. While we face financial inequality that leads to a significant gender pay and pension gap, we could help close the pension gap if we were to invest. Put simply, if we were to invest more, over time this could generate the income we need to help us reach an equal financial footing with men. This would be transformative for every woman and society as a whole.

We know we have significant financial potential so, to understand what's needed to unlock this financial power, Fidelity International listened to over 1,000 women and 1,000 men to get their views on investment, why they do or don't invest and what would empower us to do more according to age, location, employment status and investable income. Is how we use the money we have to save for the future different compared to men? Or do we hold preconceptions that stop us from investing?

Money at home

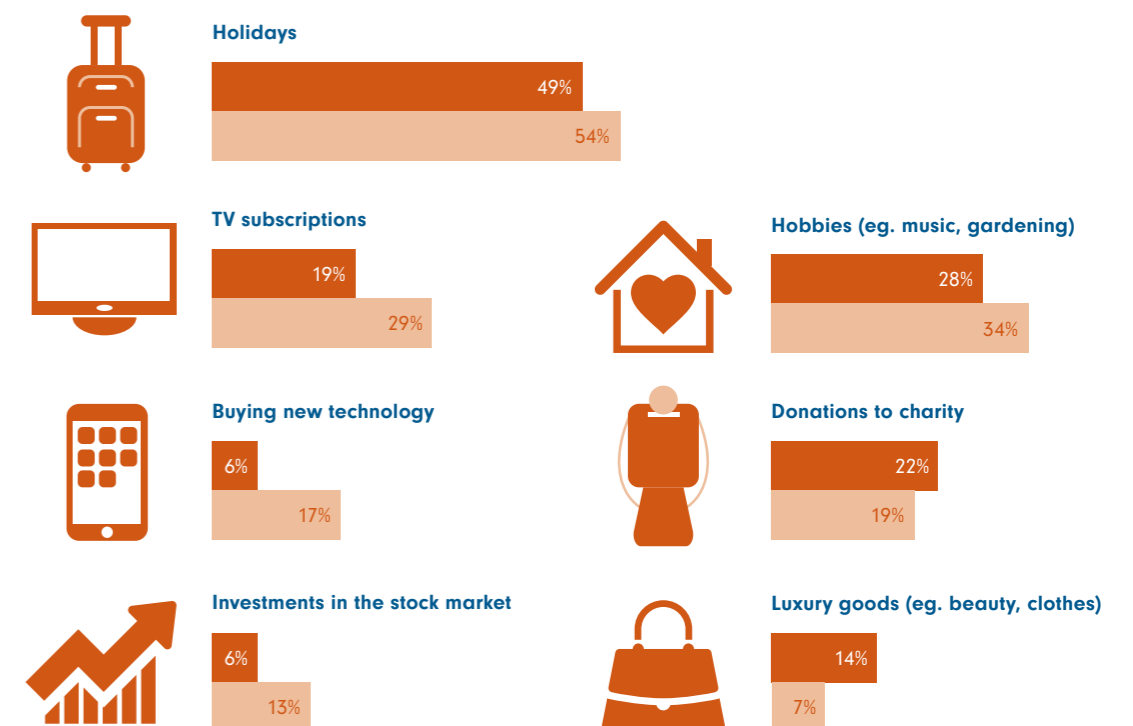
In order to understand what is holding women back from investing, it helps to lift the lid on what is happening at home; to explore the differences in income between men and women, and take it one step further by looking at how this is then spent. This gives us a clearer view of the link between our disposable income and our investment habits.

Of those couples that live together, just 15% of men and women reported that their income is similar or equal to their partner's. Instead, three in five (61%) of us say we earn less than our partner, and this increases with age.

Half (48%) of 18-34 year old women report earning less than their partner, compared to 57% of 35-54 year olds and 65% of us aged 55 and over.

While we earn less, when it comes to how we use our disposable income each month, there is little difference apart from when spending on technology or investment. In both cases, men spend nearly twice as much. So, there is money coming in – albeit less of it – but clearly money is left over (just 8% of us said they don't have any money left after paying for essentials).

Where disposable income goes after spending on essentials ■ Women ■ Men



Making all the difference to investment

When it then comes to how we can use this disposable income, or where it is being saved, our own research backs up wider industry findings: that women are saving, but saving in cash.

Two-thirds (64%) of us say we understand that having investments would improve our financial power.

Only 4% of us, and 3% of men, say they do not hold any savings or investment products but when it comes to where we invest, two thirds (65%) of us stay in a 'cash ISA' and just under a third in bonds. Men also invest in 'cash ISAs' and bonds but they are twice as likely on average to invest with a 'stocks and shares ISA'. This is slightly different for a younger demographic, where 18-34 year old women are more likely than men of the same age to invest in stocks and shares ISAs. This suggests younger women are more aware of investment and how to take some risk to make money work the hardest.

Which of the following savings or investments do you currently hold in your own name, if any?	Men	Women
Cash ISA	59%	65%
Lifetime ISA	3%	2%
Stocks and shares ISA	29%	22%
Open-ended investment company (OEIC)	7%	4%
Stocks and shares (not as part of an ISA or SIPP)	33%	18%
Bonds	28%	30%
Property, excluding your main home	11%	10%
Investment trust / unit trust	11%	5%
Cash	70%	60%
Commodities	5%	4%
Foreign currencies	6%	3%
Cryptocurrencies	3%	1%
Peer-to-peer savings accounts (including innovative finance ISAs)	5%	3%
Equity crowdfunding	2%	1%
Alternative assets such as gold, art, wine	6%	4%
Another type of investment product	6%	4%
I do not hold any savings or investment products	3%	4%

“younger women are more aware of investment and how to take some risk to make their money work the hardest”

If we continue to look 'closer to home' for the things we say hold us back from investing, there are four main challenges that come out:

1. A salary increase

Close to a third (29%) of us said that a salary increase would encourage us to invest. This was even more pronounced amongst those with less financially. Half (46%) of us with investable assets of up to £10,000 say a salary increase would help compared to a third (30%) with investable assets of over £10,000.

2. A reduction in household costs

A quarter (23%) of us said that a reduction in household costs would help us to invest more each month, increasing to 28% of 35-54 year olds.

3. Less time spent at work

Nearly half of us (48%) said that less time at work would mean we would have the space needed to invest more.

4. Less time spent on household chores

Just under a third of us (29%) said this would encourage us to invest more.



48% of women said less time at work would help them invest more

Working the market

These are not challenges we can easily change – in an ideal world, we would earn the same amount as men for the same work and would have both the income and the time to invest our money. We are unlikely to reach this point for many years. We also need to consider if these challenges would hold us back as much were it not for the broader issues within the industry, which we will explore later in this report.

In the meantime, the question is how we change our own behaviours in order to benefit from investing.





chapter three: women and money – busting the myths

You may have drawn the conclusion that the penalties we encounter in exchange for the choices we make in life and our careers diminish our sense of financial empowerment. You would be wrong.

Myth #1:

Women are more likely to feel financially insecure

When asked to describe our financial situation, we are just as likely to say we're as comfortable as men are. One in 10 men said they were very comfortable, compared to 7% of us. The same percentage of us said we're struggling financially, compared to 8% of men.

Myth #2:

Women don't make financial decisions

In fact, more of us than men said we make all the decisions about our finances. Two-thirds (61%) of men said they would talk to their partners about money while only half of us (53%) could say the same. In addition, men were more likely to think of their money as shared. Six in ten men thought of their money as theirs and their partners compared to 43% of us.

Myth #3:

Women lack the confidence to make financial decisions

Men are more likely (79%) to hold an overall feeling of confidence when making choices about financial products and services. For us, confidence levels drop to 69%. But when it comes to an absolute lack of confidence, there is a gender gap. Over one in ten of us do not feel at all comfortable choosing financial products and services, twice as many as men. This means the majority of people feel confident about their financial choices, but there is still a gap in absolute confidence, and it lies with us.

Myth #4:

Women aren't as financially savvy

How financially 'savvy' we feel reflects financial confidence. Two thirds of us view ourselves as the savviest member of the household. Despite feeling we are slightly less financially savvy, we are still far more likely (52%) than men (35%) to talk about money and offer advice and financial guidance to our children, our parents and other relatives.

Myth #5:

Women have no interest in investing

There is no disputing that we are not investing as much as men are, but this is not about a lack of interest. A lack of interest is only marginally more of a barrier to us than men. There is an issue around lack of knowledge and information but this affects us as much as men. Over three quarters (79%) of us say a lack of knowledge is a barrier to investing compared to 69% of men. Most significantly, 81% of us say our lack of trust in investment providers stops us from investing.



What does this tell us?
The confidence disconnect

We're as financially comfortable, we make as many (if not more) financial decisions and, in the main, we feel confident to make these decisions on our own. But we aren't investing and part of this answer rests in the fact that over three quarters of us do not have confidence in investment providers.

chapter four: what the investment industry can do



“over half of us have no idea where our pension is invested”

A lack of understanding about what investments can offer us, rather than the strength of our convictions, could be a greater barrier to securing the future we want for our families – and ourselves. In this chapter, we will focus on what is holding us back from investing in order to move closer to solutions that the industry can address.

What is stopping us?

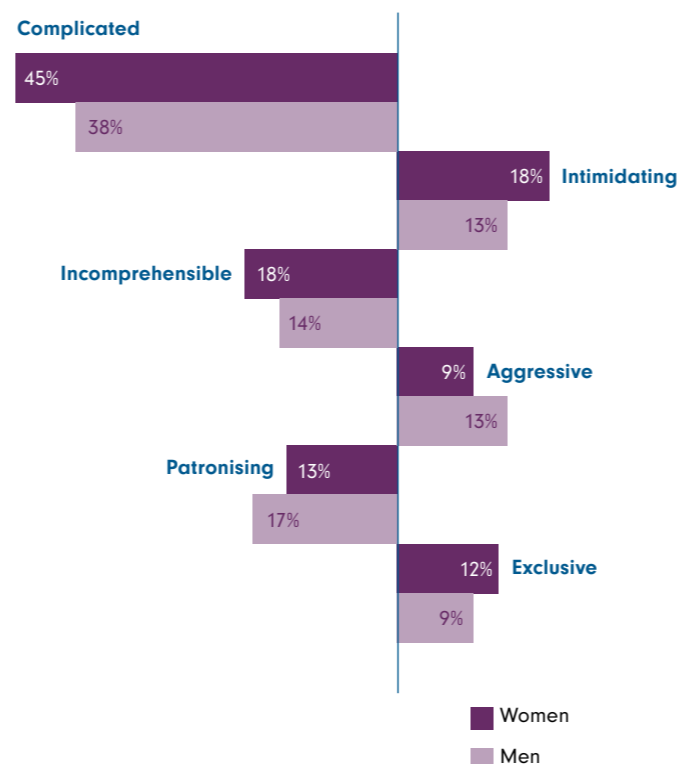
We asked women of all ages what stands between us and investing. Our investment approach is cautious, but when it comes to a genuine fear of risk, four out of five of us signal this as a barrier – no matter our age. Close to 60% of us believe risk can lead to potential or even certain loss, which in turn affects where we feel confident saving our money.

Trusting providers

In the previous chapter, we highlighted that a similar number of us both lack trust in investment providers and have a fear of risk. This is at its highest when we are young (84% aged 18-34) but remains an issue as we get older.

A large part of this comes down to the way investment is communicated by the industry and, while this is also a barrier to men, it is clearly more pronounced with us. More of us (45%) say we find this communication ‘complicated’, along with ‘incomprehensible’ (18%) and intimidating (18%).

It’s also a stumbling block early on: of 18-34 year olds, over double the amount of us (26%) thought that we would invest if the language were easier to understand, compared to 10% of men in that age group. However, there is a fine line, as over one in ten (13%) of us think investments are presented in a patronising manner.



Trust in products

This absence of trust in the provider extends to the products they sell. Slightly less of us (79%) feel that we do not have the right level of information or the knowledge about investments. This figure is highest (87%) for the youngest group of women we surveyed.

The property love affair

Over two-thirds of us (67%) feel that property offers equal or greater security than investment products. Half of us (48%) confirmed that property feels like a safer investment choice than the stock market. It is potentially much easier with such tangible asset classes to ‘see’ what we save and earn.

We asked what investment providers could do to convince us that investment products were worth considering. A third (33%) said clearer guidance on each product was needed.

Heads in the sand

Despite the barriers from within the industry, with close to half of us surveyed (49%) holding a workplace or personal pension, most of us are already investors. Disturbingly, despite the confidence and empowerment we feel when it comes to finance, more than half of us who hold a pension (52%) have no idea where it’s invested. Close to a third of us (37%) don’t know how much our pensions are worth.

We expect the investment industry to change, but in the next chapter, we ask – are we prepared to take action ourselves?

investing: two sides of the coin



“I just don’t know where to start”

Case study: Pippa Pennycook

Despite finally having some disposable income, Behavioural Designer Pippa Pennycook (24) finds the financial jargon and wording too much of a stumbling block to get invested. The combination of confusing financial language, a lack of educational sources and limited range of online platforms has made investing feel like an inaccessible, huge and risky commitment.

Pippa says: ‘Investing could be made more approachable in terms of what is involved and crucially, where to start. With some guidance, I’d be interested in low – medium risk funds, but beyond that I currently don’t know enough to make the right decision for me and my money.’



“If you overcome any aversion to figures and finances, investing can be quite exciting!”

Case study: Suzi Christie

With the aim to pay off her interest only mortgage, PR Managing Director Suzi Christie started investing following a combination of guesswork, instinct and research into different types of funds. As she sees herself as “not a numbers person, not great with figures” and with no experience, the 51-year-old wanted to ensure she was diversifying her investments.

She has held a stocks and shares ISA with Fidelity International for 20 years, and splits her money across six investments which cover different countries. Improving her self-reliance post-divorce, Suzi now takes a more active role in her investments and checks their performance every few days.

She adds: ‘It’s exciting, and can be a bit unnerving if there’s a dip in the market but I’ve held onto my stocks and shares ISA and it comes back up. I think women are more instinctive when it comes to investing, rather than digging deep into the numbers, but once you get over your aversion to figures and finances you start to see things happen.’

chapter five: what we as women can do



“29% of women who say they hold a workplace pension are not contributing anything into it, or are unsure about their contribution”

Pensions represent the future. Our future. We have chosen to focus on them in this report because pensions are where we are already invested, so the opportunity to make the most of them is right in front of us. However, there are steps we can take today to secure a better future for our families and for ourselves; a solution which, if acted upon, will close the gender pension gap completely.

Our problem with pensions

We've said it multiple times in this report: those of us with pensions, workplace or otherwise, are already investors. Our research tells us we are passive – even apathetic – when it comes to our involvement in this type of investment.

The insurer, Royal London²⁴ estimates that the average pension pot needed

to retire comfortably is £260,000, which equates to an income of just over £12,400 per year.²⁵ According to our research, only 23% of us come close to agreeing with that estimate and 34% are uncertain as to how much they will need to retire comfortably.

The pension gap is a particular concern for those of us over the age of 55. This group of women – who could retire in less than 10 years – represent just under a third of us surveyed who hold a pension. It is therefore concerning that 57% of this group do not know where their pension is invested, and 43% do not know its value.

Our limited awareness of the value of our pensions, how they're invested or even how much we need to retire comfortably could be explained by our intention not to rely solely on our pension when we retire. Indeed, 56% of us who are yet to retire, plan to rely

on other income in retirement including our partner's pension (36%). There are also 12% of us who are uncertain about our retirement and who are relying on inheritance rather than our own savings and investments for the future.

It is no wonder then that among those of us surveyed who are yet to retire (61%), more than half expressed some level of uncertainty as to how comfortable their retirement would be.

What if we did nothing?

Based on projections, the average pension for a man will be worth £142,836 at the state pension age of 68. For us, that figure drops to £126,784²⁶ – a gap of almost 11%. We earn less, and consequently have less to contribute to our pensions over the same – and often less – time.

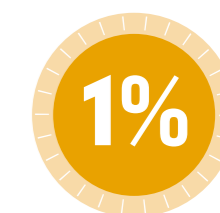
What if we did something? The value of 1%

However, if we were to dedicate an additional 1% of our salary towards our pension early in our careers, by the time we retire, our pension could be worth £142,212.²⁷ This equates to just an additional contribution of £35 per month on average for 39 years.

You can find the full methodology for these calculations at the end of this report.

The time is now

This one simple and actionable step could change our future. This is before we challenge the investment industry to be more transparent about risk and costs; before we demand they cut the jargon and consider our preconceptions when they collate their investment literature, events and communication.



Adding just 1% more to our pensions could close the gap



chapter six: a level playing field

We have busted myths about our relationship with finance, including our attitudes to decision making. We have learnt that actually, we are confident financial decision makers, and we are more likely to help others make their own decisions.

But, when it comes to investment, this changes. We tend to shy away from investing in the stock market. We are cautious but when we do invest, our approach of staying in the market for longer has the potential to generate significant returns. It is clear that we have yet to take full advantage of investment and the potential it has to help us realise our goals and aspirations. The potential benefit is huge to every individual but also our society and economy.

This report shows that overcoming the barriers does not need to be complex. Indeed, putting just £35 a month extra – 1% of our average salary – into our pensions could close the gender pension gap that will otherwise take more than two centuries to close.

However, the onus isn't just on the individual. In the longer-term, these findings have given us the areas to focus on as an industry. A lack of trust in providers, the way investment products are talked about and greater transparency about the risks and costs

associated – these are the issues the investment industry needs to zone into.

They need to consider how to make communication about investment relevant rather than 'one size fits all', which so clearly disenfranchises women. It's also crucial that we don't go too far the other way and stray into making this communication patronising or divisive. It's a fine line to tread, but one that the industry needs to be brave enough to embark on.

We look forward to developing our conclusions at the Fidelity Women & Money Innovation Labs where we will work with industry, government and, most importantly, consumers to identify tangible ways to inspire engagement. Our ambition is to find solutions that work for us as individuals and toward our shared ambition to unlock the financial power of women today to achieve our dream of equality in the future.

“the potential benefit is huge to every individual, our society and economy”

methodology

Fidelity International surveyed 1,007 women and 1,006 men on their views on money and investing, including how they engage with investment, and the barriers that they face when investing. 20% of respondents of the survey had £10,000 and under of investable income and the further 80% had over £10,000 of investable income. Research was carried out by Opinium Research.

As part of this report, Fidelity International analysed ONS data on earnings and pension savings for the average 25-34 year old. Fidelity calculated, assuming a monthly contribution of 5%, increasing to 8% in 2019 in line with auto-enrolment,

the average man and average women's pension pot at the state pension age of 68.

Salaries were assumed to rise by 1.5% in real terms each year to account for pay rises and progression. Final pots were adjusted to account for a 2% inflation each year. Investment growth on invested pensions was assumed to be 4.25% after costs.

From this base case Fidelity International then calculated what it would mean if a woman added an extra 1% to their contribution from the start, or benefited from superior investment returns over the period.

bibliography

- 1 Source: World Economic Forum Gender Pay Gap report, 2017 weforum.org/reports/the-global-gender-gap-report-2017
- 2 Source: Barclays Equity Gilt Study, 2017
- 3 Source: The Pensions Regulator, earnings thresholds for previous tax years, 2017-2018 bit.ly/2LGatwl
- 4 Source: ONS hours and Earnings, 2017 bit.ly/2iDz3VG
- 5 Source: The Annual Survey of Hours and Earnings (which underpins the headline estimates of the GPG) has been conducted since 1997, bit.ly/2lyEceq
- 6 Source: ONS pension wealth, February 2018 (sheet 6.5) bit.ly/2JLAHAF
- 7 Source: ONS pension wealth, February 2018 (sheet 6.5) bit.ly/2JLAHAF
- 8 Source: ONS pension wealth, February 2018 (sheet 6.5) bit.ly/2JLAHAF
- 9 Source: European Commission, 2018 Report on equality between women and men in the EU, ec.europa.eu/newsroom/just/document.cfm?doc_id=50074
- 10 Source: World Economic Forum, 2017 bit.ly/2xL19Bd
- 11 Cridland Report, 'Smoothing the Transition', 2017 bit.ly/2LKVdyz
- 12 Source: ONS, Sept 2016, estimates of the very old (including centenarians), UK: 2002 to 2015 bit.ly/2cQjoNq
- 13 Source: Social Market Foundation, Back on Track: Making the most of parents' working lives, 2018 bit.ly/2LBqxje
- 14 Source: EMW Law, 2017 bit.ly/2Jx2Snu
- 15 Source: Family and Childcare Trust, 18th Annual Survey, 2018, bit.ly/2BWFw63
- 16 Source: ONS mothers working full time, 2017 bit.ly/2JJZjC
- 17 Source: DWP Family Resources, March 2017 bit.ly/2LHeotd
- 18 Source: ONS adult care services, 2017 bit.ly/2Jumska
- 19 Source: ONS household satellite accounts, April 2016 bit.ly/2J100U9
- 20 Source: HMRC Number of individuals subscribing to an Individual Savings Account (ISA) by age and gender, pub. 2018, bit.ly/2HH1Fod Tax year ending 5 April
- 21 Source: Fidelity International, May 2018. Based on full ISA allowance invested in the FTSE All Share vs Morningstar UK Savings 2500 from. 30.4.14 -31.5.18
- 22 Source: Fidelity International, May 2018. Based on full ISA allowance invested in the FTSE All Share vs Morningstar UK Savings 2500 from. 30.4.14 -31.5.18
- 23 Source: Centre for Economics and Business Research, 2005
- 24 Source: Royal London Policy Paper, 'Will we ever summit the pension mountain?' 2018 bit.ly/2rOAwK4
- 25 Single Life – No inflation protection (level). Purchase price £260,000; gross annual income £12,466.92; annuity rate 4.79%.
- 26 Based on ONS data of the DC pension pot of the average women/man aged 25-34, on an assumed pension contribution in line with auto-enrolment
- 27 Fidelity International calculated based on ONS earnings and pension savings data the average DC pension pot for a man and a woman at state pension age. Fidelity then calculated what would happen to the value of her pot if a woman added an extra 1% from an early age

GET INvested

fidelity.co.uk/womenandmoney



Unlocking women's financial power

About Fidelity International

Fidelity International offers world class investment solutions and retirement expertise. As a privately owned, independent company, investment is our only business. We are driven by the needs of our clients, not by shareholders. Our vision is to deliver innovative client solutions for a better future. We invest £231.4bn globally on behalf of clients in 26 countries across Asia-Pacific, Europe, the Middle East, and South America. Our clients range from central banks, sovereign wealth funds, large corporates, financial institutions, insurers and wealth managers, to private individuals. In addition to asset management, we offer investment administration and guidance for employer benefit schemes, advisers and individuals in several countries. We are responsible for £75.7bn in assets under administration. Data as at 31 March 2018.

Important Information

The value of investments and the income from them can go down as well as up, so you may get back less than you invest. With ISAs and pensions tax treatment depends on individual circumstances and all tax rules may change in the future. Withdrawals from a pension product will not be possible until you reach age 55. This information is not a personal recommendation for any particular investment.

If you are unsure about the suitability of an investment you should speak to an authorised financial adviser.

This information must not be reproduced or circulated without prior permission.

Fidelity only offers information on products and services and does not provide investment advice based on individual circumstances, other than when specifically stipulated by an appropriately authorised firm, in a formal communication with the client.

Fidelity International refers to the group of companies which form the global investment management organisation that provides information on products and services in designated jurisdictions outside of North America. This communication is not directed at, and must not be acted upon by persons inside the United States and is otherwise only directed at persons residing in jurisdictions where the relevant funds are authorised for distribution or where no such authorisation is required.

Unless otherwise stated all products and services are provided by Fidelity International, and all views expressed are those of Fidelity International. Fidelity, Fidelity International, the Fidelity International logo and F symbol are registered trademarks of FIL Limited. CC18/70

Issued by Financial Administration Services Limited, authorised and regulated by the Financial Conduct Authority.

Fidelity, Fidelity International, the Fidelity International logo and F symbol are trademarks of FIL Limited.

