

2008-2009 Prudential Study



Financial Experience & Behaviors Among Women



Prudential

“When It Comes to Money, Women Mean Business”

You make the day-to-day financial decisions in your household. You have absolute clarity around the importance of saving and investing. And your financial priorities are well established—from funding college to saving for retirement. You’ve told us as much over the eight years we’ve been researching your financial attitudes and behaviors.

Yet there’s something missing.

We call it the confidence gap. It’s that chasm that lies between knowing something, and doing something about it. And nearly 75% of you are caught in the trap of worrying about your financial future, yet not quite sure what to do about it.

So what does that other 25% look like? Interestingly enough, they look a lot like you. They’re concerned about having the money they need to live the lifestyle they want, not being a burden to others as they get older, and all those other things that can keep every one of us up at night. The difference? They’re asking questions, seeking counsel, and putting a plan in place with the help of a professional advisor. They’re turning intention into action, and it’s making a difference.

We hope the information in this guide will give you some serious food for thought about where you—and so many women like you—stand with your financial priorities. But even more than that, we want it to inspire you, so you can take that next critical step and work with someone you trust to create a roadmap that puts you on the path to a secure future.

Haven’t you done the hard part already?

Learn more. Visit www.prudential.com/women



CHRISTINE MARCKS

A handwritten signature in black ink that reads "Christine J. Marcks".

President
Prudential Retirement



LORI HIGH

A handwritten signature in black ink that reads "Lori S. High".

President
Group Insurance



JUDY RICE

A handwritten signature in black ink that reads "Judy Rice".

President
Prudential Investments

About the Study

Methodology

Prudential Financial's study on the *Financial Experience & Behaviors Among Women* polled 1,033 American women about their financial knowledge, goals, actions taken, and confidence in attaining financial goals. The survey was administered from October 17 to 25, 2007. The margin of error is $\pm 3.09\%$ at a 95% confidence level.

Respondents are panelists in the Harris Interactive Poll Online. Known characteristics of panel members (such as gender, age, income) were used to select individuals to participate in this online survey. Study participants are a national sample of female sole and joint heads of households between the ages of 25 to 68, with a 2007 household income of \$50,000 or more, and who use the Internet. Propensity score weighting was used to help ensure that the data is balanced and accurately reflects various populations of women, including attitudinal and behavioral differences that may come from a greater or lesser likelihood of being online.

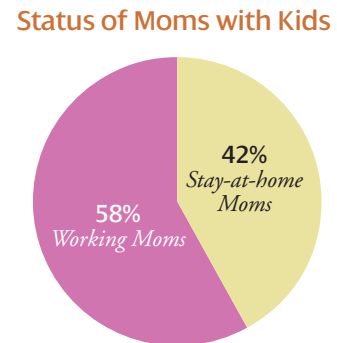
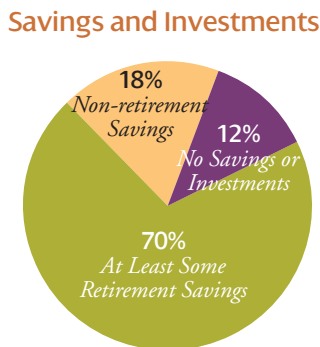
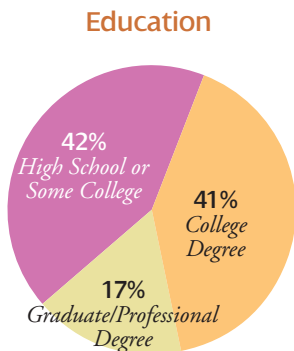
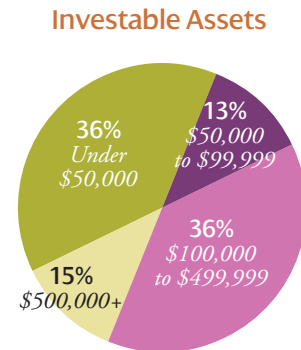
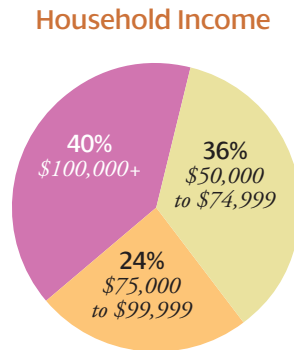
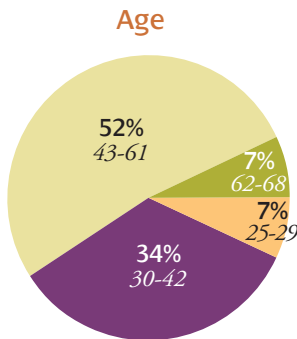
Generational Divides

This report on the *Financial Experience & Behaviors Among Women* is the fifth in a series that started in September of 2000. Looking back at the data, it appears that there has been some progress in women's overall financial knowledge and confidence, they are more involved in these decisions and, in fact, some women are taking the leading role for their household.

This year's study is designed to give a deeper look at some of the generational differences among women as it relates to their concerns, goals, and progress. The survey sample was categorized as follows:

		Age Segments Based on Study Participants
Millennials	Born 1979–2000	25–29
GenXers	Born 1965–1978	30–42
Boomers	Born 1946–1964	43–61
Matures	Born 1909–1945	62–68

Profile of Women Respondents



Progress Linked to Decision-Making Confidence

Three-quarters feel they need help making important financial decisions

Less than a quarter of women feel they are “very well” prepared to make financial decisions related to employee workplace benefits, retirement and other important financial planning matters. The balance admit they need some kind of help in understanding financial products and services. Still, it appears progress has been made as very few (8%) consider themselves “beginners.”

Generational impact

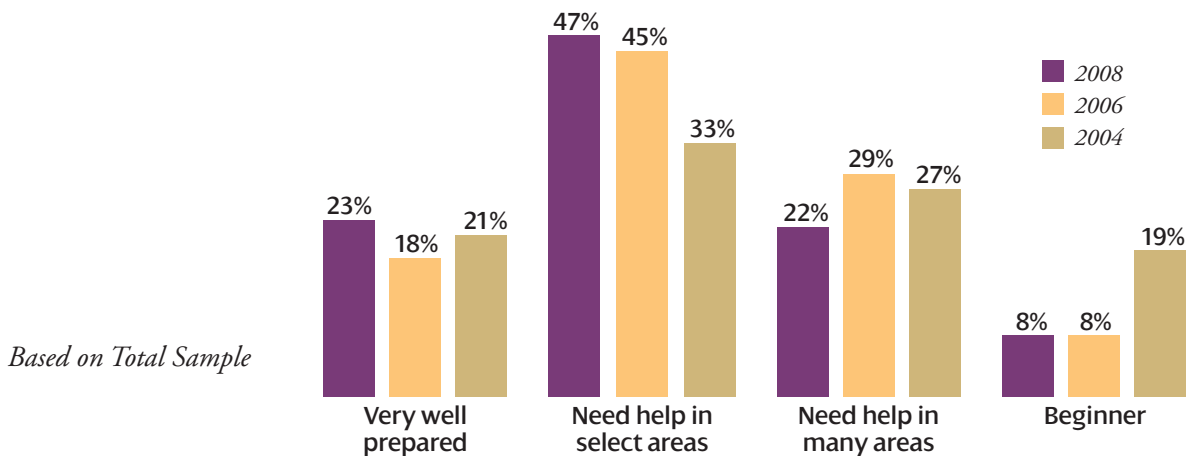
Interestingly, feeling prepared does not necessarily come with age. The proportion of “very well” prepared women is consistent among *Boomers*, *GenXers*, and *Millennials*, with a big bump up among *Matures*. Beginners can be found in all generations—though somewhat more often among the youngest crowd.

Retirement savings progress improves when women feel better prepared to make decisions

About half of the women who are way behind in saving for retirement also indicated that they are a beginner or need a lot of help with financial decisions (47%). The women who have succeeded in getting ahead also appear more confident in their ability to make sound financial decisions—as 40% of those “ahead” feel very well prepared compared to just 7% of those “very behind” in their retirement savings.

While a lack of progress in savings could be the result of other financial strains, such as income limitations or family demands, this data suggests that progress may also be dependent on financial education and preparedness. Knowing what and how to do it is as important as having the means to do it.

Level of Preparedness for Making Financial Decisions



Based on Total Sample

Based on Generation

(Read as row percentages)

	2008	2006	2004
Millennial	22	43	19
GenXer	22	45	22
Boomer	21	51	21
Mature	41	37	20

Based on Retirement Savings Progress

	2008	2006	2004
Ahead/On Track	40	46	11
A Little Behind	19	50	25
Way Behind/Not Started	7	46	30

On Finances, Women Follow Head, Not Heart

Most gravitate toward a rational process

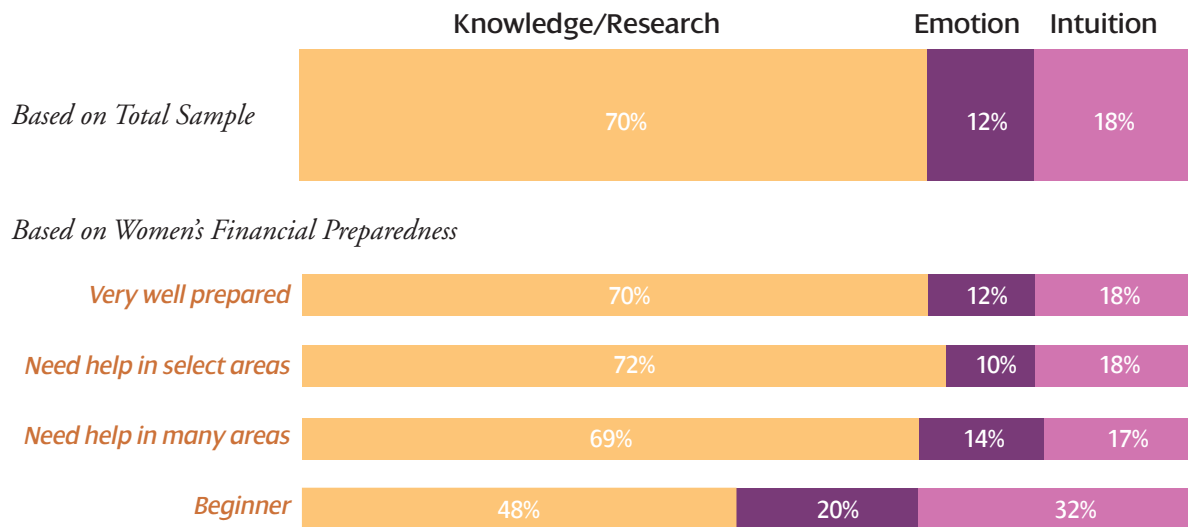
A woman's intuition may be a positive force in a lot of her life's decisions, but not so much so with financial issues. In fact, 7 in 10 women say that when it comes to making important financial decisions, they follow their head, not their heart.

Intuition comes more into play for "beginners"—that is, women who are just starting to get more involved in financial decision-making for themselves or their family. Less than half (48%) of these women say that knowledge and research guide their decisions.

Confidence is bolstered by knowledge

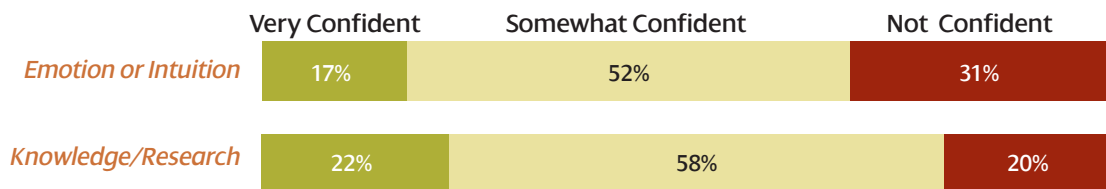
Women who do tend to follow their gut or emotions are not quite as confident in their decisions. For example, among near-retirees who say they primarily follow their gut or emotions when making important financial decisions, 69% are confident that they can achieve their retirement goals. Confidence rises to 80% among women who say their decisions rely mostly on knowledge and research.

Primary Force in Women's Financial Decision-Making



Retirement Confidence Among Near-Retirees

Based on Primary Force in Financial Decision-Making



Financial Priorities Are Clear, Yet Outcomes Uncertain

Retirement confidence gap

Since 2000, when Prudential started looking at this measure, there has been no significant change in women's confidence levels in terms of achieving their financial goals. This is a significant concern for retirement-related goals, where the widest confidence gaps have occurred over the past several years.

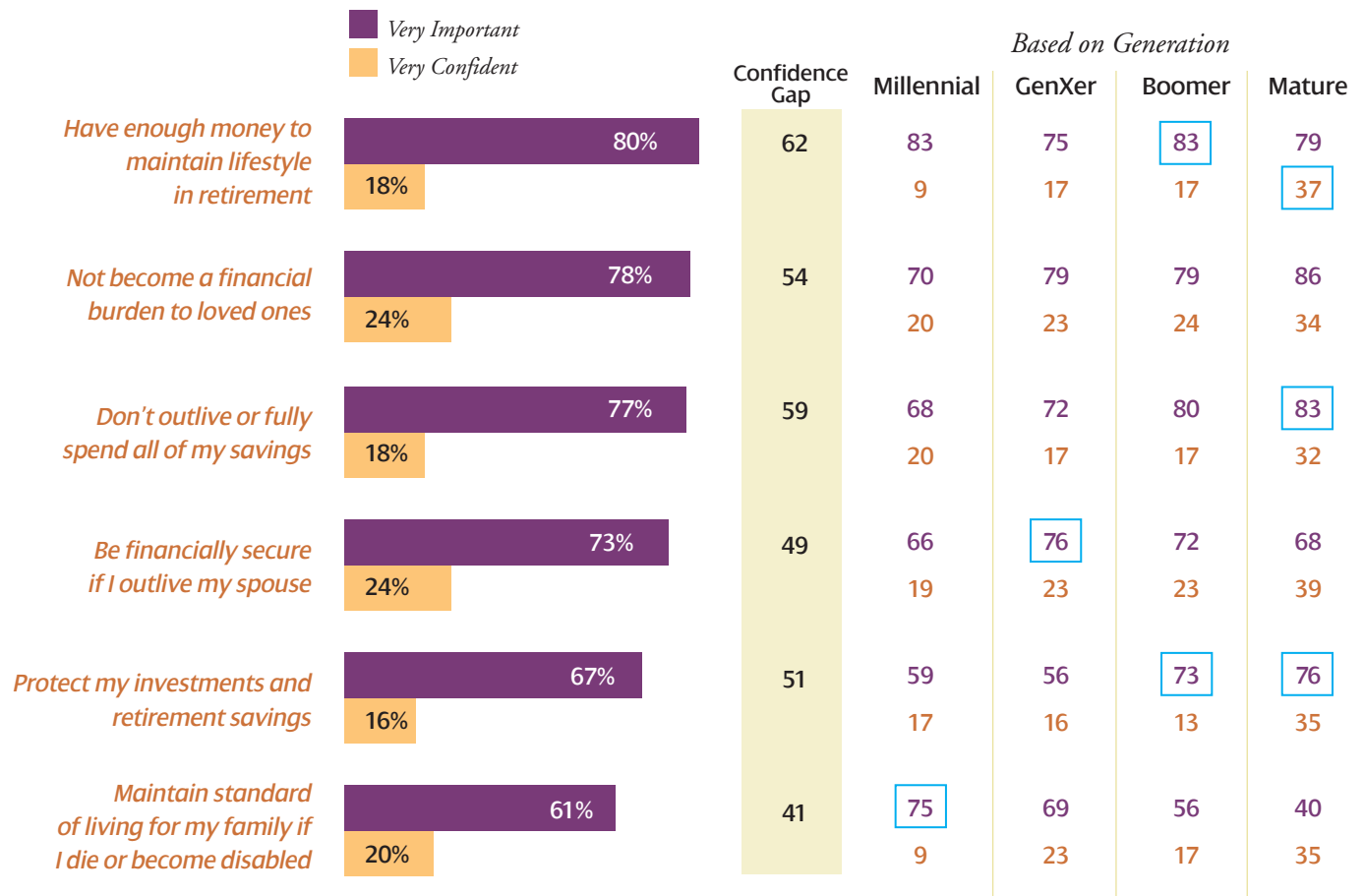
Eight in 10 women believe maintaining their lifestyle in retirement is a priority, yet few are very confident they can achieve it. There is a 62-point gap between women's confidence level and the importance they place on this goal.

Some confidence comes with age

As women get closer to retirement and the prospect becomes more real, maintaining one's lifestyle, not becoming a financial burden, and protecting one's nest egg become more important.

Yet, confidence is low among *Boomers* approaching retirement and *Matures* already in retirement territory.

Importance of and Confidence in Achieving Financial Goals



Those Behind on Retirement Savings Worry Most About Their Future

Three-quarters worry about their financial future

Women acknowledge the importance of planning for their financial future. The amount of concern that women express about their financial security emphasizes the fact they do know this is serious business. About three-quarters say they worry to some extent about having a secure financial plan for their future. Concerns weigh heavier for 3 in 10 who say they worry “all the time” or “often.”

Younger generations are already looking ahead

Millennials and *GenXers* tend to be more concerned. This is a bit surprising, because they have time to create savings and a secure future. Yet, they are ambitious and are undertaking huge goals with family, career, real estate, and retirement.

Boomers also express concerns about their future. Sandwiched between dependent children (of all ages!) and parents needing help, *Boomers* are severely stretched for time and financial resources.

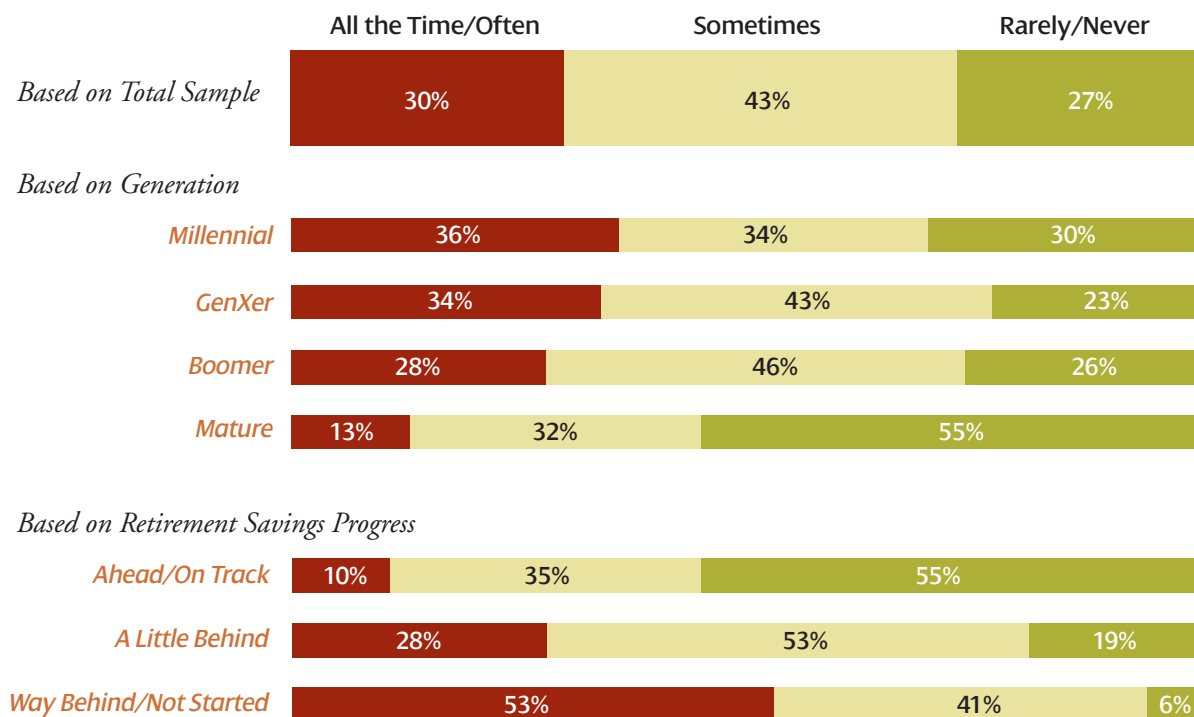
Retirement actions build financial confidence

Most women who have been preparing and saving for their retirement future tend to rest easy when it comes to thinking about retirement security. They feel “ahead of the game” and so are less stressed about what the future holds. In fact, only 10% say they worry often, which is in stark contrast to 53% of women who are way behind or not even started in their retirement savings.

Marriage provides a sense of security

Four in 10 single women say they worry often or all of the time about having a secure financial plan for their future. Married women, who are “in it together” with their spouse, are not quite as concerned (29%)—suggesting that marriage provides a sense of financial security for many women.

Worried About Secure Financial Future



Generational Gap Shows Shifting Sands

The need for supplemental retirement income

The data suggests women recognize that government support and/or a systematic workplace savings plan may not be enough to reach their retirement goals. In reporting their expected sources of retirement income, roughly two-thirds of the women indicated their own personal savings. Such high expectations reveal a sense of personal accountability—an understanding that supplemental means are needed for supporting their lifestyle in retirement.

Annuity products and reverse mortgages, designed specifically for generating a source of income, are not even on the radar for most women. Downsizing one's home is also not expected by many, but the reality is that moving to an area with a lower cost of living may be inevitable when weighing general living expenses against a retirement income.

Generational gaps

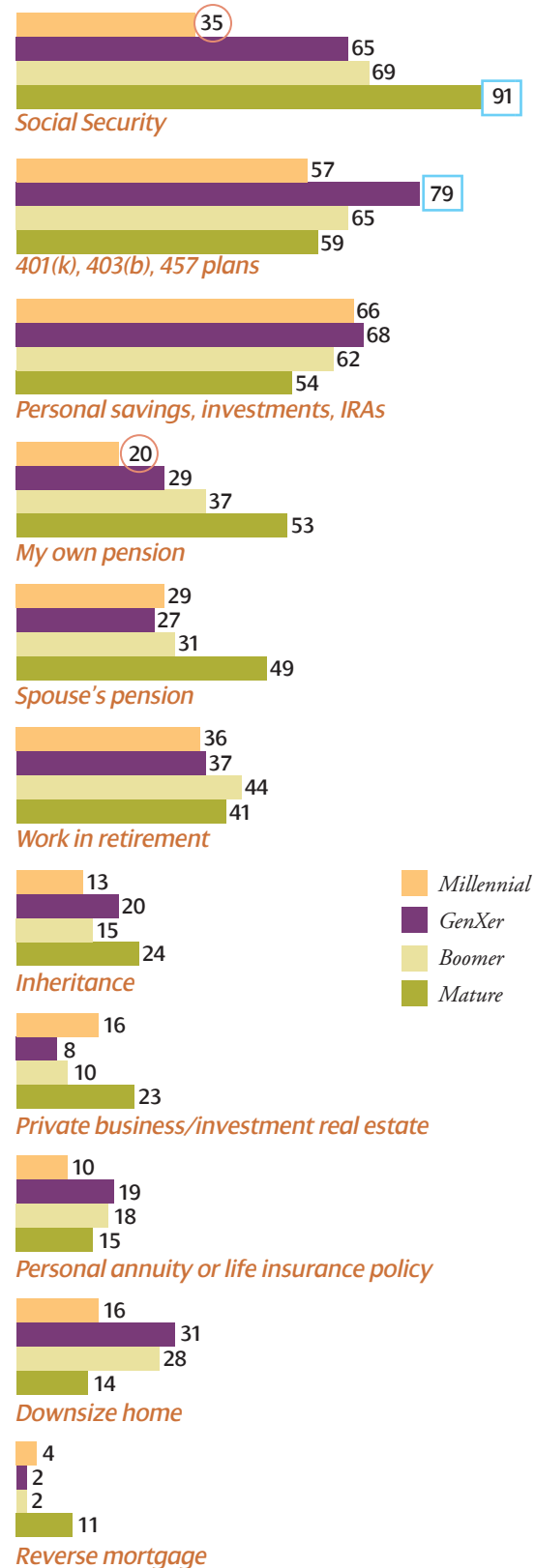
Millennials don't have much faith in Social Security. They clearly have doubts about whether or not the system will be able to sustain itself by the time they reach retirement, unlike the 91% of *Matures*, many of whom are already enjoying the benefits of a Social Security check.

GenXers have the strongest expectations in workplace retirement plans. For many of these women, the defined contribution plan was still in its infancy just as they started entering the workforce. For them, it is the most obvious and sensible means for retirement funding. This is accentuated by the significant drop in expected reliance on pensions—as pensions become less popular, and in fact less available, it is only natural that expectations fade away among the younger generations.

At most, about half of *Matures* have or expect to have pension funds available, including that of their spouse. *Boomers* start to lose out on pensions and work hard focusing on other options. However, reliance on self-savings and work in retirement raises huge concerns and uncertainties.

Expected Sources of Retirement Funding

% Based on Generation



Financial Product Knowledge Gap Persists

Half of women are unfamiliar with basic financial products

Among the array of financial products and services, women have a rather firm grasp on savings accounts, and a strong understanding of insurance and workplace retirement plans. However, a majority of financial and investment products are unfamiliar to almost half of all women.

Even mutual funds, the foundation of IRA and 401(k) investments, are not well understood—and even more so among *Millennials* and *GenXers*, who may someday rely on these retirement vehicles at a greater rate than the generations before them.

Matures are much more knowledgeable across the board, suggesting that some understanding and experience come with age.

Education could boost confidence

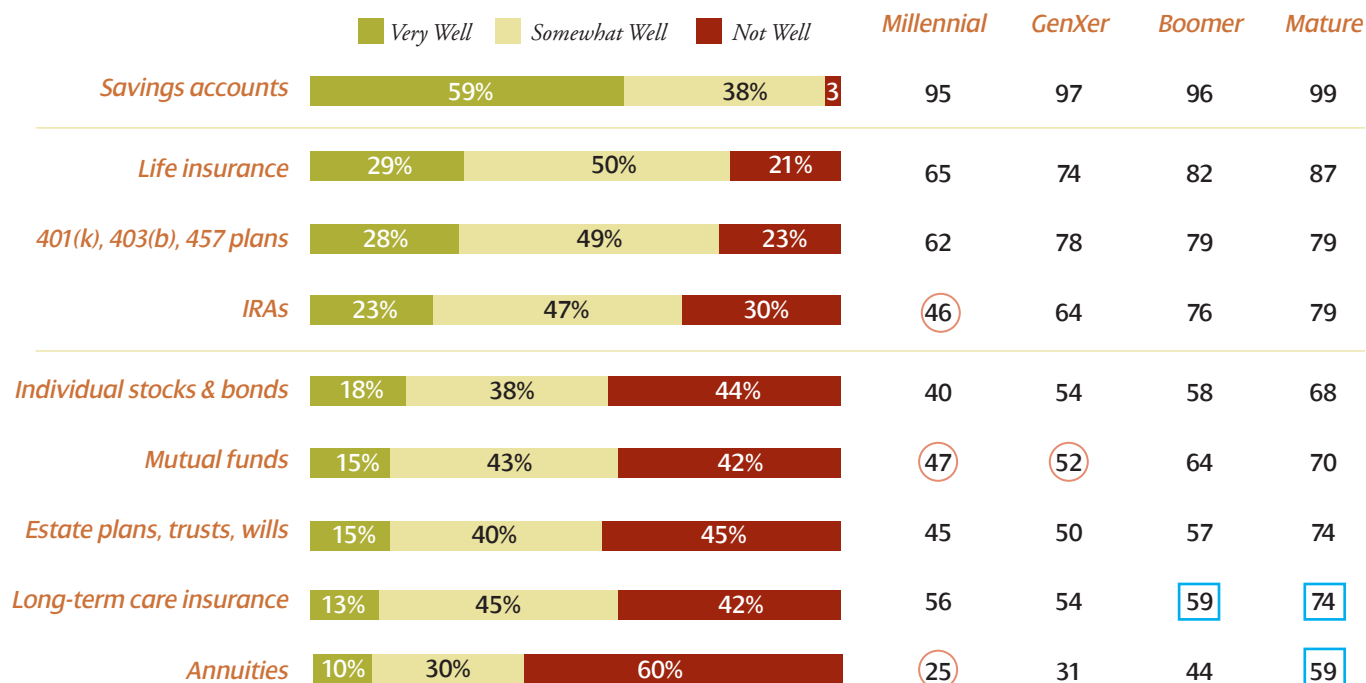
Do the low levels of knowledge charted below prevent actions that could help achieve the financial goals women cherish?

Nearly all women in the *Mature* segment said that making sure they don't outlive or fully spend their savings is an important goal for them. About 6 in 10 have some understanding of annuities—a product designed specifically to guarantee a steady stream of income for life, and so a potential solution for some of these women.

Boomers who may be feeling the pressure of supporting their children while also caring for their aging parents, are learning firsthand the harsh impact that long-term care or nursing home costs can have on one's savings. For them, long-term care insurance could be an integral part of their financial planning, helping to secure and protect future assets. Yet, only 1 in 10 understand long-term care insurance “very well”; in fact, 4 in 10 have no understanding of it at all.

Women's Understanding of Financial Products

Based on Generation: % Very/Somewhat Well



Knowledge Does Equal Power

Seeing the big picture

While “personal” savings makes the biggest difference in one’s retirement readiness, an understanding of the spectrum of products available to help individuals achieve their financial goals is critical. The chart below demonstrates that women who are ahead or on track with their retirement savings have higher levels of knowledge across the board.

Only when women can see the full map of opportunities can they choose a mix of products that is right for them, and get on the path toward a successful retirement.

The annuity factor

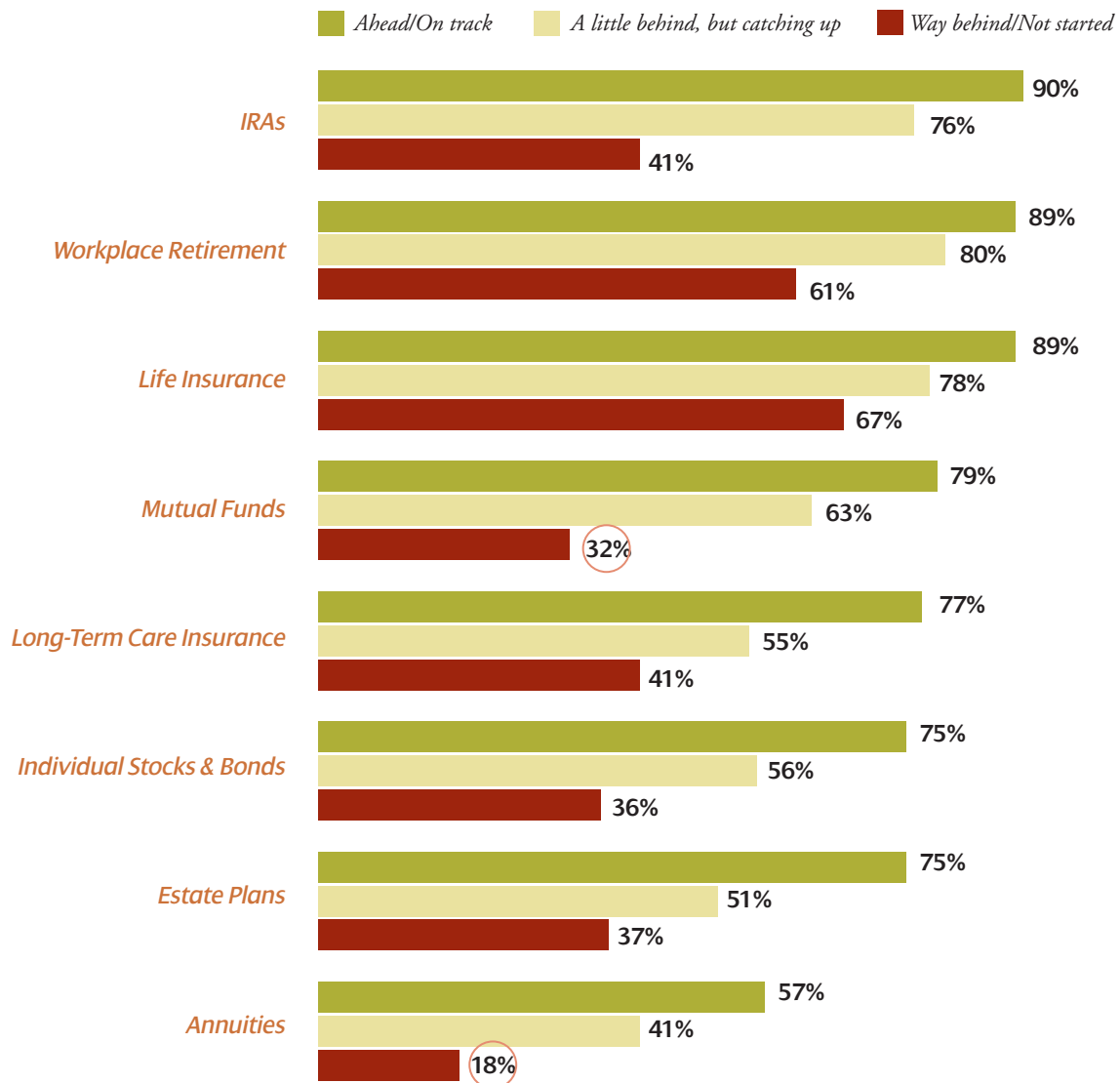
Annuities remain one of the least understood products relative to other financial offerings. Yet, there is indication that when women know and understand annuity products, their retirement outlook is more positive. For example:

- 57% of the women who are “ahead/on track” in their savings understand annuities, compared to just 18% of those “way behind/not started.”
- 77% of women who are “very” confident in their retirement goals understand annuities compared to just 20% of the “not” confident (not charted).

This data reinforces the concept that the more you know, the more you grow—in both confidence and security.

Understanding of Financial Products and Services

Based on Retirement Savings Progress



Boomers Drive Their Destiny

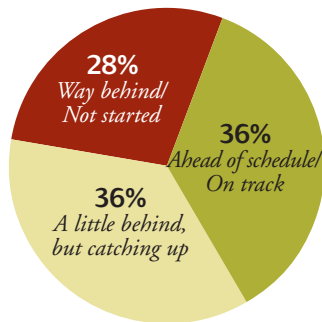
Only a third of Boomers feel “on track” in their saving for retirement

Newspaper headlines over the past few years have been warning about how *Baby Boomers* are not saving enough for retirement. While this may seem exaggerated, Prudential’s study confirms some of this concern, as many women reported that they have not made good progress in their retirement savings.

More than a third feel they are in “catch up” mode, and another quarter are way behind—or have not even started! The fact is, many are running out of time to save and will end up facing retirement with only the barest financial preparations.

Retirement Savings Progress

Based on Boomers



Confidence comes from planning and guidance

Despite a shaky market and a lack of savings progress among the generation, 1 in 5 *Boomers* feel “very” confident they will achieve their retirement goals. Some of this confidence could be attributed to:

- **Savings habits:** 90% of women “very” confident are ahead of schedule or on track with their savings (compared to only 4% of those “not” confident).
- **Professional guidance:** Close to three-quarters of women who are “very” confident have the support of a professional advisor.

Great expectations

While “personal savings” makes the biggest difference, a quick glance down the table shows that confidence also comes as expectations broaden, which includes the consideration of annuities. A quarter of “very” confident women expect to use this product to help fund their retirement. More than a quarter are also banking on an inheritance.

% Based on Boomer Retirement Confidence

Expected sources of retirement funding <i>(Multiple answers accepted)</i>	% Based on Boomer Retirement Confidence			
	Total Boomers (100%)	Very (19%)	Somewhat (54%)	Not (27%)
<i>Social Security</i>	69	75	70	75
<i>Workplace retirement plan such as a 401(k), 457, 403(b) plan</i>	65	61	66	63
<i>Pension provided by a current or prior employer</i>	37	46	38	33
<i>Pension provided by my spouse’s employer</i>	31	35	35	27
<i>Personal investments, savings, or IRAs, not provided by employer</i>	62	68	65	46
<i>Income from personal annuity or life insurance policy, not provided by employer</i>	18	26	16	15
<i>Income or assets from a private business or investment real estate</i>	10	14	10	14
<i>A reverse mortgage</i>	2	2	4	4
<i>Downsizing your home and/or moving to a less expensive area</i>	28	12	26	40
<i>An inheritance</i>	15	28	14	9
<i>Supplemental income from working in retirement</i>	44	26	46	56
Retirement Savings Progress <i>(Single selection)</i>				
<i>Ahead of schedule/On track</i>	36	90	33	4
<i>A little behind, but catching up</i>	36	8	46	36
<i>Way behind/Not started</i>	28	2	21	60
Relies on a professional advisor <i>(% Yes)</i>	62	72	53	41

Women Rely on a Trusted Network

The personal touch

More than half of the women surveyed named a financial advisor (34%) or friends and family (19%) as the most preferred resource for learning about financial and insurance products. And in considering women's top three choices, each of these resources is preferred by nearly two-thirds of the population. This desire for face-to-face contact is consistent with what Prudential has reported in previous women's studies.

Millennials show the most propensity for relying on family and friends for guidance (80%), and are even a bit more inclined to look to their employer for financial guidance (36%), both of which are very much in line with how experts have described the character of this generation.

Resources vary based on family support structure

For divorcees, financial advisors play a slightly more important role—41% name them as their first choice, compared to 34% of married women and 22% of single women. Without the support of a spouse or advisor, single women end up turning to the Internet as a first choice more than any other segment (36%).

The growing importance of the Internet

While more traditional resources (such as marketing brochures, textbooks, and seminars) still hold a place for *Matures*, they are virtually null and void among the *Millennials*. Instead, the younger generations show a sharp increase in the Internet being a most preferred resource.

Roughly three-quarters of the *GenXers* and *Millennials* name Internet as one of their top three resources, compared to less than half of the *Matures* and *Boomers*—indicating a seismic shift in consumers' research and purchasing habits. The proliferation of Internet usage will only continue, and as the younger generations grow in their need for financial solutions and guidance, the Internet becomes an increasingly important means for capturing this audience.

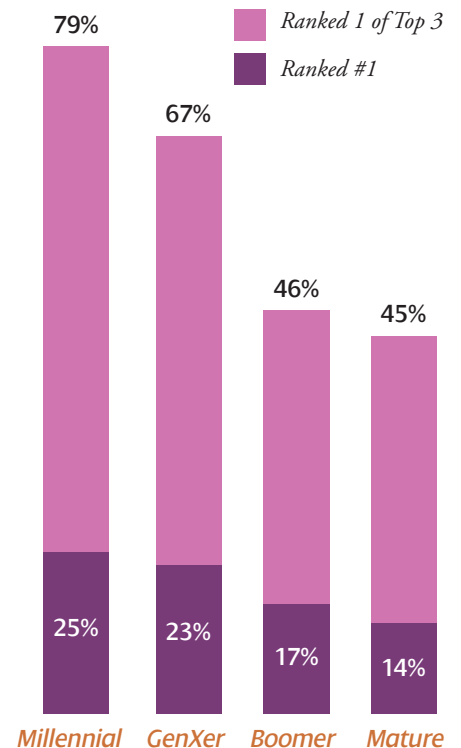
Another segment relying more heavily on the Internet are the "do-it-yourselfers"—that is, women who say they do all their own research and buy financial products directly through firms, without the help of an advisor. Among this group, 32% rate Internet as the #1 choice.

Most Preferred Sources for Financial Information

	% Ranked #1	% Ranked 1 of Top 3	% Ranked 1 of Top 3 by Generation			
			Millennial	GenXer	Boomer	Mature
Friends and family	19	61	80	61	61	45
Financial advisor	34	59	46	58	62	55
Internet	19	56	79	67	47	45
News articles	8	36	27	34	40	29
Your employer	6	28	36	31	25	25
Financial seminars	6	23	13	15	28	32
Marketing materials	2	17	7	15	16	40
Textbooks	3	11	5	11	10	20
Advertising	1	5	0	4	6	9
Blogs/User groups	1	4	5	6	3	1

Prefer Internet for Learning About Financial Products

Based on Generation



Women Do Their Homework Online

Financial firm websites are critical

In considering various media outlets, the Web sites of financial services firms are seen as one of the most credible resources of information. More than 8 in 10 women feel they can rely on these sites for credible information about financial products and services, such as life insurance, investments, or retirement products. Though not without some doubts, as 69% gave a rating of just “somewhat” credible.

With other Internet and marketing sources trailing in “credibility,” this data underlines how important a company’s site is to connecting with consumers. Women turning to the Web sites of financial services companies expect to find honest and useful solutions for their financial needs. Failure to provide relevant and useful content that can foster interaction with these women could mean a loss of faith and potential business.

Blogging is developing believers

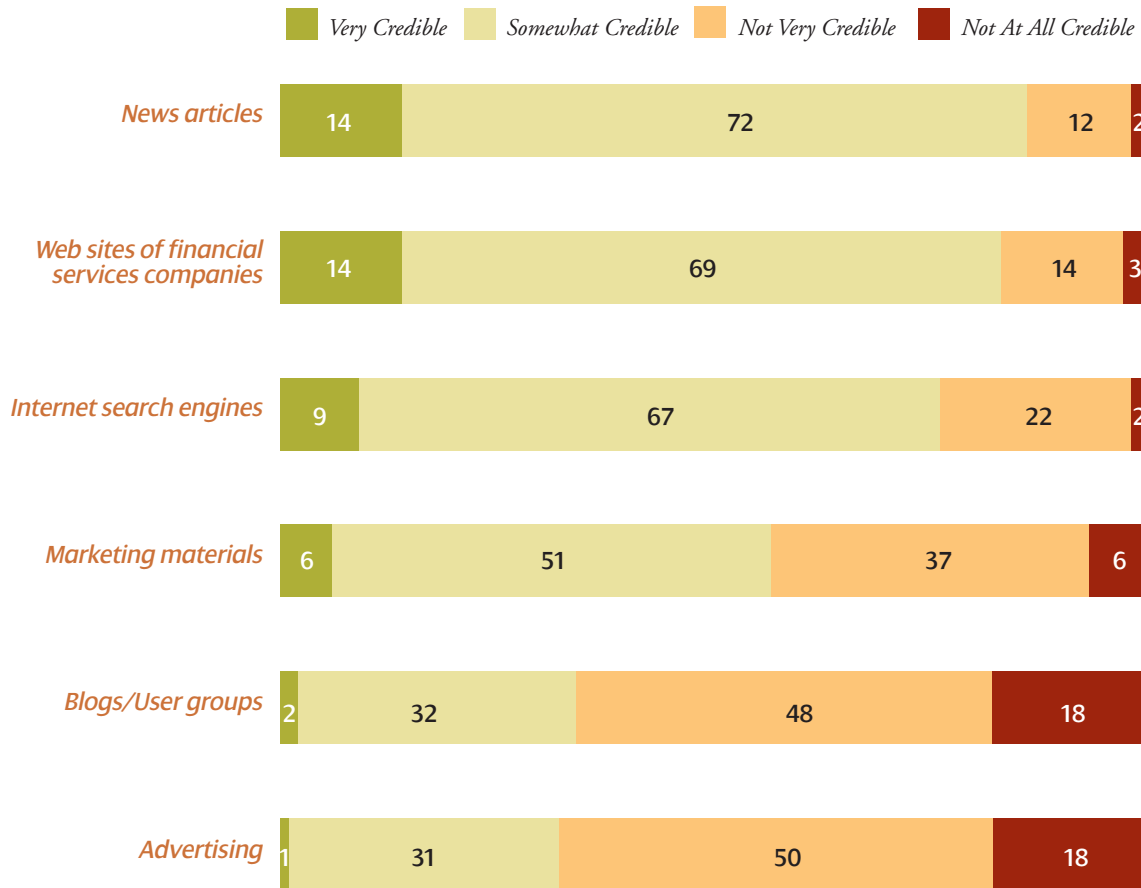
Not only do younger generations rely more heavily on the Internet itself, but industry studies show that they are more frequently blogging. What’s more, they have greater faith in what they read compared to the generations before them who are generally more skeptical and perhaps not as likely to believe everything they read. The percentage of each generation who find blogs “very” or “somewhat” credible:

- *Millennials* —48%
- *GenXers* —40%
- *Boomers* —32%
- *Matures* —21%

Blogging is effective in many retail product categories—ranging from automobiles to cosmetics to vacations—and might become increasingly relevant for financial services.

Credibility of Financial Media Outlets

% Based on Total Sample



Managing for Today vs. Planning for Tomorrow

Immediate needs overshadow long-term goals

Previous studies have revealed procrastination is a common reason for not taking action toward improving one's financial situation. In this study, 72% of the women admitted that procrastination affects their own personal experience to some degree.

The primary factor contributing to procrastination is the obligation of meeting more immediate family needs—about a third of women say this is the #1 factor contributing to their delays. Next to that is a lack of financial resources, with about 1 in 5 saying they put off financial planning and saving because they just don't make enough money, which is slightly more of an issue among women whose annual household income is less than \$100,000 (23%); and even more pronounced among women who are divorced, separated, or widowed (27%).

The single life

There are some shifts in procrastination factors based on marital status. Most remarkable is the swing seen among single women. Obviously, they do not have the same family obligations holding them back. Instead, more than half admit that they just don't have the time (18%) or don't want to spend the effort needed (38%) to take action.

Widowed, divorced, and separated women often have large family responsibilities and less financial flexibility. Does this segment sacrifice their own security for others?

Many near-retirees paralyzed by fear

Among women who expect to retire within the next five years, the picture changes again. The near-retiree population is more than twice as likely to name fear as the primary factor contributing to their inertia—they're afraid to make the wrong decisions.

Personal Factor That MOST Contributes to Procrastination

	Total Sample	Income		Marital Status			Near-Retirees Expect to retire in next 5 years
		Under \$100,000	\$100,000 or More	Married	Single	Widowed/ Divorced/ Separated	
<i>"The immediate needs of my family/my children take priority"</i>	32%	33%	30%	36%	9%	23%	9%
<i>"I only make so much money; I just can't get ahead"</i>	19%	23%	13%	19%	11%	27%	12%
<i>"I'm afraid I'll make the wrong decision, so I tend to avoid thinking about it"</i>	14%	12%	17%	13%	17%	17%	34%
<i>"I'm so busy right now I can't focus on long-term needs"</i>	13%	10%	19%	12%	18%	12%	14%
<i>"I don't even know where to start"</i>	11%	11%	10%	11%	6%	13%	11%
<i>"I just don't want to spend the effort needed to take action"</i>	10%	9%	11%	8%	38%	6%	19%
<i>"It's beyond my control"</i>	1%	2%	0%	1%	1%	2%	1%

Advisors Provide the Encouragement to Get Started

A third of women are do-it-yourselfers

When it comes to researching and purchasing life insurance, investments, or retirement products, about a third of women say they go it alone without the help of an advisor.

Investment style tends to vary by generation. *Boomers* are more likely to rely on advisor input compared to *GenXers* and *Millennials*. And the *Matures* appear far less likely to embrace the do-it-yourself mentality (19%), especially when compared to *Millennials* (66%).

Some women need a boost

Women who rely on the guidance of advisors have a greater tendency than “self-directed” women to have retirement savings. The data does not indicate that progress only exists among those with an advisor, but it does suggest that advisors may be the extra nudge some women need to get started.

Case in point: “Self-directed” women are twice as likely as their “advisor-dependent” peers to be way behind or not even started in saving for retirement (39% vs. 18%).

Procrastination is a weakness driven by feelings of fear, anxiety, helplessness; or a lack of time, knowledge or resources; or even mere laziness. Working with an advisor can help women get past many of these hurdles.

Chances greater among those with an advisor

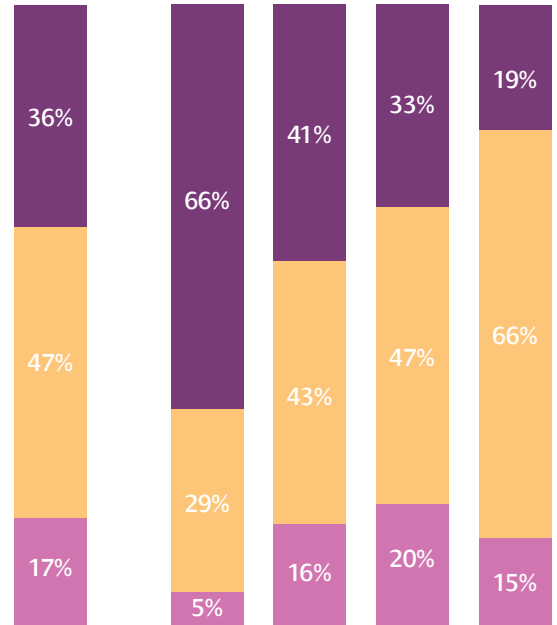
Among the women surveyed, 56% claim to have a workplace retirement savings plan and 42% have a tax-deferred individual retirement account—which, overall, works out to a net 70% of women having some kind of retirement savings.

While many “self-directed” women have taken this step (69%), those who rely heavily on the recommendations of an advisor are even more likely to have a savings plan (83%).

Establishing a retirement savings account—whether through work or individually—is a solid first step to starting on the right path toward retirement. Advisors help provide the guidance and education necessary for women to feel comfortable with their decisions to set up these plans.

Investment Approach

Self-Directed Mixed Advisor-Dependent



Total Sample Millennial GenXer Boomer Mature

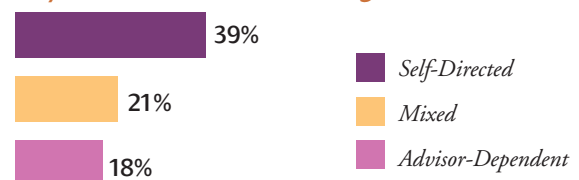
Progress Towards Retirement Security

Based on Investor Style

Have Retirement Savings Account



Way Behind or Not Started Saving



Summary

A theme throughout this study has been the generational differences in women's financial attitudes and behaviors. Uncovering a diversity of interests and habits is inevitable, but all of the women share a very common goal of attaining financial security in retirement. As some of the data reveals, success and progress in achieving this goal depends on involvement, knowledge and use of resources, and preparedness for financial decision-making.

Three-quarters of women feel they need help making important financial decisions

- While understanding of financial products tends to come with age and experience, feeling prepared is not as predictable.
- Just 1 in 5 *Boomers*, *GenXers*, and *Millennials* feel “very well” prepared, compared to 2 in 5 *Matures*. Beginners can be found in all groups with roughly the same proportion of women across the generations saying they “need help,” with the exception of *Matures*.

Retirement security is a priority for many, yet a substantial confidence gap remains

- The past several studies show no significant change in women's confidence levels in terms of achieving their financial goals.
- About 8 in 10 believe maintaining their lifestyle, not outliving savings, and not becoming a burden to loved ones in retirement are “very important”—and increasingly so as women get closer to retirement and the prospect becomes more real.
- Yet, on average, 2 in 10 feel “very confident” they can achieve these goals.
- Furthermore, three-quarters of women say they are worried about their financial future. *Millennials* and *GenXers* tend to be the most concerned, but *Boomers* are not sleeping much better at night.

Two-thirds of *Boomers* nearing retirement are behind when it comes to saving

- 36% of *Boomers* claim to be “ahead of schedule” or “on track” with saving for retirement. Of that, 90% are “very confident” that they will achieve their retirement goals.
- For the two-thirds who are way behind or in “catch up” mode, confidence drops significantly.
- *Boomers* “not confident” in their potential retirement have a more limited view of how they might fund those golden years. And, the anticipation that they will need to work in retirement more than doubles.

Confidence and progress come with knowledge

- Overall, about half of the women surveyed are unfamiliar with basic financial products. Even mutual funds, the foundation of IRA and 401(k) investments, are not well understood.
- Low levels of knowledge inhibit retirement planning activities. In fact, the data shows that confidence and progress are significantly higher among women who have greater knowledge of financial products and services.
- Take just one example: Among women who are “ahead/on track” with their retirement savings, 8 in 10 understand mutual funds, compared to 3 in 10 who are “behind/not started.”

Six in 10 women prefer learning about financial products through friends and family

- For all generations, relying on a trusted network is important, as friends, family, and advisors top the list as a #1 place to go for learning about financial and insurance products.
- Of the four generations, *Millennials* rely the most on friends and family (80%), but the Internet is just as important (79%). In fact, the younger generations, including *GenXers*, show a sharp increase in the Internet being a most preferred resource.

Advisors can coach women to take action

- Close to three-quarters of women admit that procrastination affects their own financial situation. Often, the immediate needs of family overshadow long-term goals and planning. For others, it may be a fear of making the wrong decision, particularly so among *Matures* (34%).
- Data shows that women who rely on an advisor have a greater tendency to have a retirement savings—suggesting that advisors may be the extra nudge that some women need to take the necessary first steps towards a secure retirement.
- Take one step now.