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Financial Finesse Releases Latest Study on the Gender Gap in Financial Literacy

Gender gap remains pervasive, but women are improving their investing habits and behaviors while showing more prudence in the current bull market

El Segundo, California—Financial Finesse, the leading provider of unbiased workplace financial wellness programs, announced today the release of its fourth annual research study on the gender gap in financial literacy.

According to the study, the gender gap is holding steady, with women trailing men in virtually every area of financial planning outside of the percentage who are participating at some level in company sponsored retirement plans and IRAs.

Key Findings and Implications

- **The gender gap is highest with respect to basic money management habits and behaviors,** which significantly impacts women’s ability to save sufficiently for long-term financial goals like buying a home, sending children to college, and retirement planning. Only 65% of women reported having a handle on their cash flow and spending less than they make, compared to 83% of men. Only 45% of women reported having an emergency fund in place to cover unexpected expenses, compared to 64% of men. This is particularly concerning because on average women earn less money than men, live longer, and generally have higher health care costs throughout their lifetimes. For these reasons, women actually need to save more than their male counterparts to achieve financial parity. This is why both the depth and pervasiveness of the gender gap has serious implications for women and society as a whole.

- **In general, the gender gap decreases as household incomes increase.** Women who live in households with incomes of $150,000 or more are in much closer parity with men than those that live in households with incomes below $150,000. Since women that live in lower-income households also face more financial stress, it is clear that more needs to be done to improve the financial wellness of this segment of the population.

- **In general, younger women (Gen Xers and Millennials) have not shown improvement in closing the gender gap.** Women 44 and under actually have a slightly larger gap than their older counterparts in the Baby Boomer generation, indicating we are not making enough progress as a society in solving this problem.
Despite the general lack of progress, women have made significant strides in their investment habits and behaviors. Compared to Q1 2012, a greater percentage of women are rebalancing their portfolios, reviewing all investments to develop a master asset allocation plan, and analyzing fees and expenses associated with their investments. Men actually reported a backslide in each of these areas. There is a lot of data supporting women’s natural skills as investors, in particular their prudence in strong markets, and the report’s findings support this.

Liz Davidson, founder and CEO of Financial Finesse, believes that there needs to be more focus on this issue. With all the press on retirement, one thing often overlooked is the fact that there are more women retirees than men due to longer life expectancies (currently 81 years for women and 76 for men). Davidson notes that “even marginal improvements in women’s retirement preparedness could have dramatic impacts on society. Imagine if 10% more women could retire comfortably, had long-term care insurance in place, could live more happy and productive lives, and didn’t have to face the end of their lives in Medicaid-supported nursing home facilities. Every single one of us would be impacted, either directly or indirectly by this.” She adds, “We talk a lot about government spending and its impact on future generations. Whatever side of the aisle you are on from a political perspective, it’s pretty clear that the best scenario for all of us is to prevent poverty in the first place. And with women more vulnerable, it’s critical to figure out how to address this issue.”

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**About Financial Finesse**

Financial Finesse is an unbiased financial education company providing personalized and innovative financial education and counseling programs to over 600,000 employees at over 500 organizations. Financial Finesse partners with organizations to reach goals such as reducing fiduciary liability, increasing plan participation, decreasing employee stress, and increasing productivity through its unique approach to financial education. Financial Finesse does not sell products nor manage assets. For more information, visit [www.financialfinesse.com](http://www.financialfinesse.com).