



Demographic Change : Gender Diversity

Women: The Fragile Financial Superpower

By 2010, women will control more wealth than men. The financial sector is still adapting to this gender revolution. Lisa Resnick of Allianz Life is one of the few female executives in a business dominated by men. She talks about the persistent gap between men and women and how the industry has to change.



Women & Money and Power

By 2010, women will control 60 percent of all wealth in the U.S.

Even if Hillary Clinton does not become the next president, women could still take over the United States. By 2010, women are expected to control 60 percent of all wealth in the world's richest country, according to a study from Allianz Life Insurance Company of North America, American women are better educated and enjoying more successful careers than ever, while their male compatriots lag behind.

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But this new economic force remains surprisingly insecure when it comes to managing its money. About 90 percent of women surveyed said they felt "somewhat" or "not at all" financially secure. Almost half expressed fear of becoming financially destitute. So what is causing this paradoxical insecurity? According to Lisa Resnick, president of Life and Long-Term Care Insurance at Allianz Life, women's role in society has changed dramatically. Today's women are at the center of an unprecedented social and economic shift.

A changing society

Two-thirds of U.S. women are now active in the workforce, compared with one third in the 1950s. And while fifty years ago, men controlled all of a couple's long-term financial planning, an increasing amount of decision-making and control now falls on women.

Demographics in the United States have also shifted. Since 1990, the number of married couple family households dropped from 55.2 percent to 49.7 percent in 2005. In the same period, the number of female

households grew from 11.6 percent to 12.6 percent. The growing number of single executive women who choose not to get married, single mothers, and divorced women realize that they have to look after their own financial needs and possibly those of their children.

Fear of being left behind

An often neglected reason for financial insecurity is women's increasing longevity, says Resnick. "Women tend to live about eight years more than men, and they realize that their husband may use up their savings for medical care and support before leaving them alone and without money in their retirement years."

In addition, these women cannot necessarily count on receiving a pension or social security. "This is why many women ultimately recognize that they don't have as much support or reliability as before and feel insecure," Resnick explains.

Money more important than sex

While women already own equal shares of wealth as men, their financial strategies are dramatically different, the study revealed. Men are three times more likely than women to take risks when investing. Men also tend to greatly overestimate their leadership role in savings and investments. Much of this results from poor communication. Men feel that they should take control of finances because of cultural expectations, even though many women would be happy to take on that role.

Not surprisingly, finances are often the cause of marital conflict. Money is 20 times more likely to trigger arguments in a marriage than sex. Particularly tricky among couples is the question whether they are saving enough money or if they are in too much debt. Women are more likely to attribute arguments about money to issues of power and control, men rather think of it as a question of trust.

Woman want more knowledge – and female experts

Against this backdrop, it comes as no surprise that most women would prefer to work with female advisors. According to the Allianz Life study, women are twice as likely as men to choose a female financial advisor. Here, the financial sector still has room to improve: nearly 80 percent of financial advisors in the United States are men. When asked what they perceived as the most important barrier to a more active role in managing household finances, most women pointed to a lack of knowledge. Not knowing how to cope with finances was deemed four times more important a barrier than lack of time.

Subsequently, most women want to see more education in schools to help with financial planning. Allianz Life responds to this demand through its Financial Challenge Programme together with Blue Zones. Blue Zones, an organization dedicated to innovative exploration of health and longevity, reaches out to children in 20,000 classrooms across the United States and provides financial literacy courses. Girls and boys alike assess their current habits, set goals for their future, and track their progress as they learn about savings and how to manage

money.

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