

Women, Small Business and Retirement: Searching for Certainty





Women
small
business
owners...

Gender Differences on Retirement Readiness



own **7.8
million**

small businesses,
employing
7.6 million people



account for nearly
30 percent
of all small businesses
in the U.S.

OPEN

launch over
1,200 NEW
businesses daily

Women are a significant and growing force in small business ownership. According to the U.S. Census Bureau, women own 7.8 million small businesses, employing 7.6 million people and producing more than \$1.2 trillion in annual sales. In fact, women-owned small businesses now account for nearly 30 percent of all small businesses in the U.S., and recent studies show that number is increasing at an astonishing rate. On average, women are launching over 1,200 new businesses daily, according to the 2014 State of Women-Owned Business Report commissioned by American Express OPEN.

However, despite the increasing number of females steering their own companies, women remain less confident about navigating their financial future alone. Based on a quantitative survey, there are distinct differences between male and female small business owners when it comes to retirement readiness.

Gender differences are evident in small business owners' attitudes on everything from their risk tolerance, to planning for retirement, and the characteristics they value in a retirement advisor.

For example, **female** small business owners are more likely to **acknowledge** that they are **not as confident** and financially prepared for retirement than **male** small business owners.



56%

of male small business owners feel they are financially prepared for retirement

45%

of female small business owners feel they are financially prepared for retirement

14%

of female small business owners feel they are “**very well prepared**” for retirement

12%

of female small business owners feel they are “**not really prepared**” for retirement

Perception About Retirement Planning

While a sound financial footing is important to both genders, women in particular seem to place a higher level of importance on issues tied to their financial stability. Women are significantly more likely to have a willingness to improve their retirement planning strategy. In addition, a higher percentage of female small business owners say that if they had to stop working, they would have no income.

Female Small Business Owners



Understand the need to improve their retirement planning strategy



Struggle to find the time to plan for retirement



Are more receptive to financial and retirement planning advice than men

It does appear that **women** are definitely looking for **different** things in their preferred retirement planner. *While men and women* have the same **top five** desired financial advisor **characteristics**:



Trustworthy



Knowledgeable



Experienced



Listens to me
and my needs



Has integrity

Women are more likely to be looking for an advisor that “Takes the time to **educate** me” and one that “**Meets** with **employees** to educate them.”

Facing Challenges as a Business Owner

When it comes
to reaching
their retirement
income goals:



Female small business owners are more likely than men to want an advisor who pushes them to succeed... yet



Men appear to be more risk tolerant than women

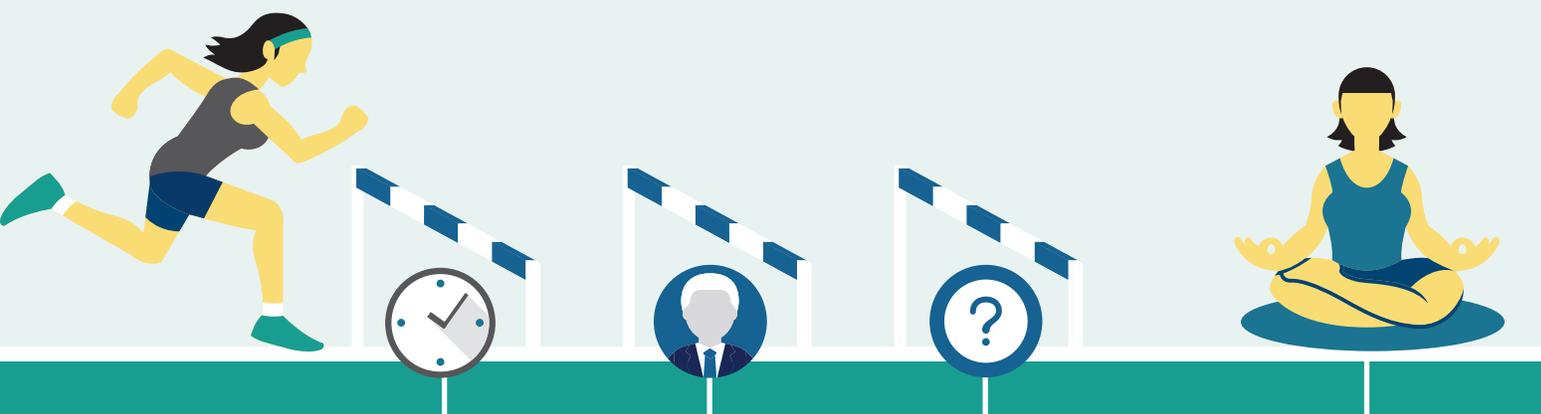
Female small business owners want an advisor who pushes them toward their goals, with 33% of women looking for that extra momentum. They also appear to be less risk tolerant, with only 21% of women looking for financial risk.

Another interesting finding is that female small business owners are nearly twice as likely than men to agree that they never expected to own a business. They are also over twice as likely as men to find themselves in business because of their parents, in-laws, or spouse.

These different outlooks are also evident in men's and women's willingness to include certain investment strategies in their retirement plans. As part of their retirement planning, men are more likely to invest in stocks, bonds, mutual funds and an individual retirement account (IRA) than women. Perhaps this is not surprising, however, since women's attitudes towards the risk of owning a business are different from those of men.

Male small business owners are more likely than women to consider small business ownership more risky than investing in a 401(k). Women are more likely to consider the two equally risky, which may correlate to their relative hesitance to invest. In other words, females may see investing in a 401(k) as riskier than males perceive it to be.

At the end of the day, men and women face many of the same challenges with both their small business enterprises and their retirement planning. While women seem to face additional obstacles in finding time, finding the right advisor and building confidence, their openness to information and advice could be the key in turning the tide.



Women's greatest retirement planning obstacles:

Finding the time

Finding the right advisor

Building confidence

Women's greatest retirement planning advantage:

Their openness to information and advice.

- Age 25–74
- Owner or part-owner of a business
- Business revenues of \$500K or more
- Have 2–99 employees
- Minimum household income of \$75K

Data was weighted by SBO revenue and number of employees, and statistical testing was conducted at the 95% confidence level.

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