



2013 Couples Retirement Study Executive Summary: ***Disconnect between Couples; Women Less Engaged***

INTRODUCTION

The 2013 *Fidelity Investments Couples Retirement Study* analyzes retirement expectations and preparedness among 808 couples (1,616 individuals). Respondents were required to be at least 25 years old, married or in a long-term committed relationship and living with their respective partner, and have a minimum household income of \$75,000 or at least \$100,000 in investable assets.

The study, conducted online, expanded on prior studies by including 109 Gen X couples (ages 35 to 46) and 109 Gen Y couples (ages 25 to 34), in addition to retired and pre-retired couples (ages 47+). The 2013 study also included 110 couples who were not married, but who reported being in a long-term committed relationship. Fidelity Investments was not identified as the sponsor. GfK's Public Affairs & Corporate Communications division executed the study, which fielded in May 2013.

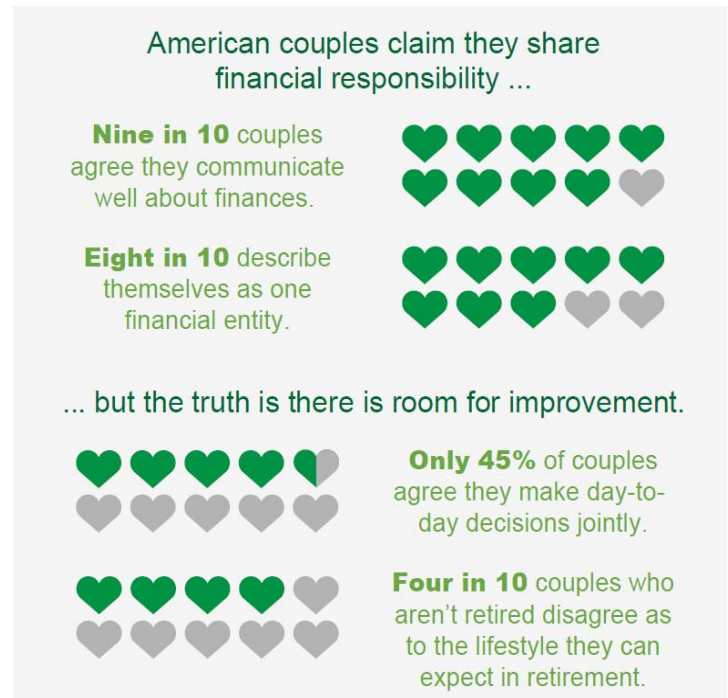
Key Findings: More Women Assuming Role as Family CFO, but Gap Remains for Many Couples in Sharing Responsibility for Management of Family Finances

- Twenty-four percent of women surveyed are taking primary responsibility for *day-to-day* financial decisions, up from 15 percent in 2011. Even more noteworthy is the increase in women claiming primary status for *long-term retirement decisions*, which more than doubled to 19 percent from nine percent in 2011.
- While nine in 10 (92%) couples agree they communicate well and eight in 10 (81%) agree they are one financial entity, couples are not always on the same page regarding financial fundamentals.
 - Women are more confident in the ability of their spouse/partner to assume full financial responsibility of retirement finances than their own – and the men in their lives agree.
 - While 45% of couples agree day-to-day decisions are made jointly, women are less likely to be the primary decision maker. Regarding retirement decisions, men are significantly more likely to see their role as “primary” compared to women.
- Gen X and Gen Y women are playing an even lesser role in day-to-day financial decisions, retirement decisions and interactions with their financial professional.

STUDY REVEALS SUBSTANTIAL DISCONNECTS BETWEEN COUPLES ABOUT FINANCIAL FUNDAMENTALS INCLUDING RETIREMENT PLANNING

While nine in 10 (92%) couples agree they communicate well about finances and eight in 10 (81%) describe themselves as one financial entity, the data reveals critical disconnects between couples.

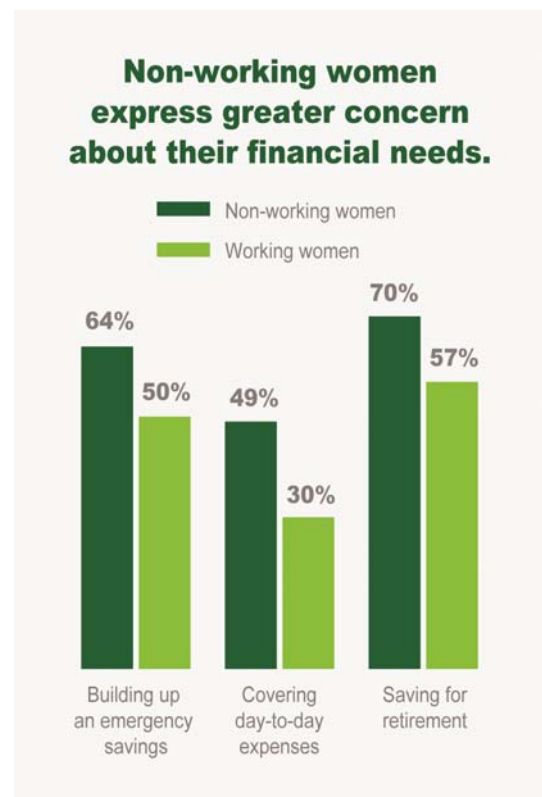
- Less than one-half (45%) of couples agree that day-to-day financial decisions are made jointly.
- Only 43% of couples report making investment decisions for retirement jointly.
- Only 28% of couples are completely confident that either partner is prepared to assume responsibility of their joint retirement finances, if necessary.
- Approximately four in ten couples (38%) who aren't yet retired disagree as to the lifestyle they expect to live in retirement.
- One in three couples disagree as to their ideal vision for retirement. While men are significantly more likely to envision indulging in their favorite sports, women are more likely to envision spending time with family, enjoying hobbies and volunteering in their local community.
- Thirty-six percent of couples either don't agree, or don't know where they plan to live in retirement.
- One-third (32%) of couples approaching retirement don't agree on whether they will continue to work in retirement.
- Although many couples have joint bank accounts, 30% disagree on whether their investments are held jointly or individually.
- Three in 10 couples disagree as to the primary beneficiary on both their life insurance and retirement accounts.



WOMEN ARE MAKING STEADY PROGRESS WITH FINANCES, BUT STILL LESS ENGAGED

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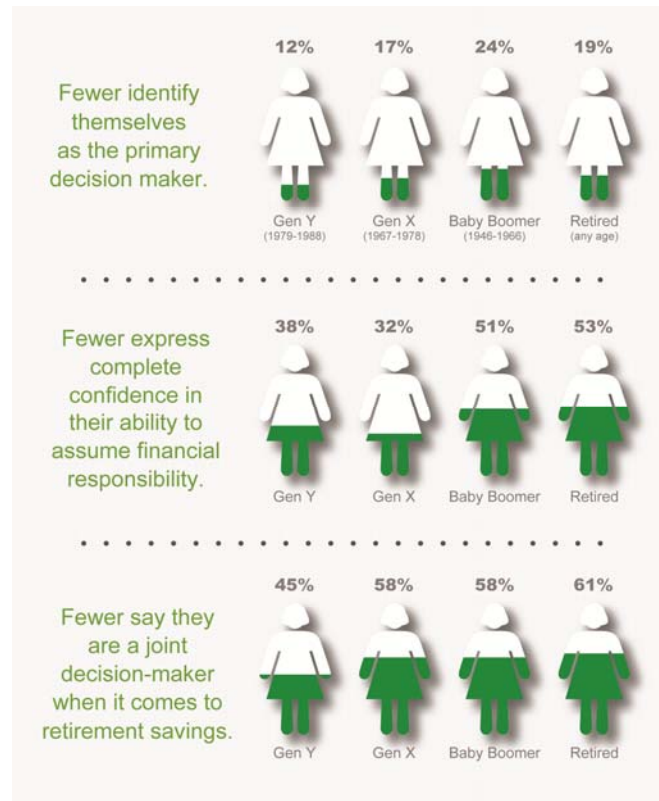
- However, results show women still lag behind men with respect to financial confidence, decision making, engagement and approach to investing.
- Women appear more confident in their partner to assume full financial responsibility if needed, and the men in their lives agree. Men were significantly more likely than women to be very confident in their own ability (53% vs. 45%). Women, in turn, were significantly more likely to be confident that their spouse/partner could assume this role (52% vs. 43%).
- While 45% of couples agree day-to-day decisions are made jointly, two in ten women admit to having only some or no input into the day-to-day financial decisions in their household (21% vs. only 14% of men).
 - Women who don't work are significantly less likely than women who work full or part-time to describe their role in the day-to-day decisions as "joint" (39% vs. 62%). In fact, nearly four out of ten women who don't work say their spouse/significant other is responsible for the decisions (36% vs. 16%).
 - While working women surveyed, whose average salary is \$77,000 are more likely to share in the financial decision making, only two in 10 (21%) of these women say they are the primary decision maker.
- Regarding retirement decisions, women are more likely to describe their role as joint (57%) vs. 50% of men; men are more likely to see their role as "primary" (39 percent) vs. only 19 percent of women.
- Non-working women are often significantly more likely to be concerned about future financial needs than those who do work. They not only express greater concern about day-to-day things such as "building up emergency savings" (64% vs. 50%) and "covering day to day expenses" (49% vs. 30%), but retirement and being able to increase savings for retirement is also a much larger concern (70% vs. 57%). This is actually non-working women's greatest concern.
- Women tend to have lower risk tolerance than men. For example, women in this year's survey are much less likely than the men to be willing to invest a substantial portion of money to achieve potentially higher returns, even if it means possibly losing some or all of initial investment (4% vs. 15%).



LOOKING AT DIFFERENCES BY GENERATION SHOW YOUNGER WOMEN PLAYING A MORE PASSIVE ROLE COMPARED TO OLDER WOMEN

The 2013 Couples Retirement Survey included more detailed information on the behaviors of Gen X and Gen Y couples. Surprisingly, women from these generations appear to be playing a more passive role compared to older women:

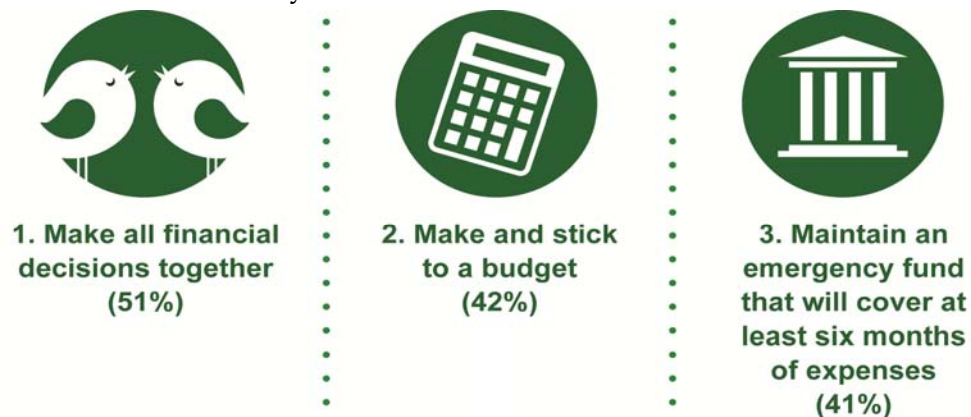
- While one in four Boomer women (24%) identify themselves as the primary decision maker for day-to-day financial decisions, only 12% of Gen Y women and 17% of Gen X women felt the same way.
- More than half of women who are either Retired (53%) or a Boomer (51%) express complete confidence in their ability to assume financial responsibility if they had to, compared to only 32% of Gen X women and 38% of Gen Y.
- Only 45% of women who are Gen Y say they are a joint decision maker when it comes to retirement savings decisions, compared to 58% of both Boomer and Gen X's. Gen Y's are also nearly twice as likely as Boomer women to say their spouse/partner is primarily responsible for decisions regarding their retirement savings (36% vs. 22%).
- Regarding their expected lifestyle in retirement, the closer women are to this phase in life, the more likely they are to recognize it might not be all they hoped for. In fact, generationally, Boomers are more likely than both Gen X and Gen Y women to describe their retirement lifestyle as one that "just gets by" or "difficult to make ends meet" (31% Boomers, 27% Gen X, and 24% Gen Y).



FINANCIAL ADVICE TO NEWLYWEDS

As in prior years, couples were asked to share their best financial advice for the next generation of newlyweds. The top three pieces of advice among all couples were to:

While women are more likely than men to advise “make all financial decisions



together” (55% vs. 48%), they are less likely to advise “make a budget and stick to it” (39% vs. 44%).

Looking at top advice by generation of women, Boomer women (54%) are the most likely to advise “make all financial decisions together” vs. only 42% of Gen Y women.

Top Advice For Newlyweds:	Total Couples	By Gender	
		Women	Men
Make all financial decisions together	51	55	48
Make a budget and stick to it	42	39	44
Make sure you have an emergency fund to cover at least 6 months of expenses	41	41	41
Don't hide expenditures from each other	31	29	33
Disclose your income, debts and assets to each other before getting married	28	30	27
Watch your pennies and the dollars will flow	14	15	14
Set up a joint household account and individual accounts for personal spending	12	12	12

CONCERNS IN RETIREMENT

Couples have successfully kept their attention on key “known unknowns.” The unexpected financial issues that most concern couples have remained the same since 2011. The top four are:

- Major health care expenses
- Inflation
- Reductions in Social Security benefits
- Outliving my savings

	2013
Concern over unexpected financial issues in retirement	% Couples Both <u>Agree</u>
Unexpected major health care expenses	51
Inflation cutting into my savings	27
My retirement income from Social Security being reduced	25
Not being prepared financially if spouse passes away first	16
My pension benefits being reduced or discontinued	9
Outliving my savings	26

RESPONDENT PROFILE:

The table below summarizes key characteristics of those approaching and living in retirement in the survey.

	Retired		Boomer		Gen X		Gen Y	
	Men	Women	Men	Women	Men	Women	Men	Women
Average Age Men (mean)	66	65	55	52	41	41	32	31
Retirement Age (Estimated or Actual) (mean)	59	59	64	63	63	63	62	59
Employed	12%	13%	87%	80%	91%	78%	94%	79%
Retired	88%	87%	5%	3%	5%	3%	-	-
Not employed but looking for work	-	-	4%	4%	4%	2%	4%	2%
First Marriage	63%	64%	72%	71%	89%	89%	94%	94%
Second Marriage	26%	25%	22%	26%	10%	7%	-	6%
Third +Marriage	10%	11%	6%	3%	1%	3%	6%	-
HH Income (mean)	\$107,600		\$122,600		\$117,300		\$113,300	
Investable Assets (mean)	\$603,600		\$407,200		\$214,200		\$143,700	

SURVEY METHODOLOGY

The survey was conducted online using the web-enabled KnowledgePanel®, a probability-based panel designed to be representative of the U.S. population. Initially, participants are chosen scientifically by a random selection of telephone numbers and residential addresses. Persons in selected households are then invited by telephone or by mail to participate in the web-enabled KnowledgePanel®. For those who agree to participate, but do not already have Internet access, an Internet appliance and Internet service connection are provided at no cost. People who already have computers and Internet service are permitted to participate using their own equipment. Panelists then receive unique log-in information for accessing surveys online, and then are sent emails three to four times a month inviting them to participate in research.

Participants within KnowledgePanel® were screened for marital status, retirement status and income/asset qualifications.

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The experience of the couples who responded to the 2013 Fidelity Investments Couples Retirement Study may not be representative of the experiences of all investors.

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