

Why wealthy women lag behind male peers in estate planning

By [Victoria Zhuang](#) March 08, 2023, 3:25 p.m. EST4 Min Read

Studies show that women [invest more prudently](#) than men, but rich women have at least one significant blind spot in their wealth strategies: estate planning.

A new [UBS report](#) out March 6, "Women and Investing: Planning for Your Legacy," found that among high net worth investors, 56% of women don't know how much wealth they can leave to heirs, versus only 47% of men.

Additionally, 55% of women who plan to leave an inheritance do not have any plan in place to do so. Among men, it's only 41%, the report said, citing a 2021 [Fidelity International](#) study.

"By not having any financial plans in place, women risk not having their inheritance wishes respected and may risk paying too much inheritance tax," the UBS report said.

That was a bit surprising to Marianna Mamou, head of Advice Beyond Investing at the UBS Chief Investment Office and author of the report.

"While they may also be more hesitant in investing, once they invest, they do tend to research more, plan. They're more disciplined," Mamou said of women.

One would think not having an estate plan seems inconsistent with this propensity for planning, but Mamou thinks the cause is likely a lack of awareness among women, which advisors can help remedy.

At a minimum, the report said, advisors should ensure that women have wills and assigned executors. The next priority is adding a power of attorney and advance directive in case of illness. After that comes setting

up trusts or foundations to help separate assets and better manage distributions to beneficiaries, and considering life insurance options.

"A combination with a life insurance policy can provide additional liquidity, which may prove to be an efficient way either to ensure a more balanced inheritance among the heirs, or for dealing with certain financial needs linked with the inheritance," the report said.

There is a significant gender gap in holding life insurance, Mamou said, citing industry research that shows women on average value themselves at only half the worth of men in policies. Women also take out life insurance at lower rates than men — 47% for women versus 58% for men — and only 22% feel very knowledgeable about life insurance compared to 39% of men, according to a 2021 study by the Life Insurance and Market Research Association. In addition to being uninformed about life insurance, some women might "value the financial contributions less" that they deliver to a household, Mamou said.

However, "even if you do not work and let's say you work in the house, you still contribute. In your absence, it would have been a monetary cost to replace the contribution," she said.

The report also found that wealthy women are more interested than men in illiquid assets like real estate or private equity, and passing on fine art — areas that advisors can aim to research and discuss more with female clients. Mamou said this reflects the preference among women investors for stability and tangibility bias, whereby people perceive physical objects like a house or a painting as more safe and stable.

"Real estate is their favorite asset class," Mamou said of wealthy women. She added that 61% of the surveyed women expressed interest in learning about illiquid markets investing — compared to only 50% of the men. The report recommended allocating up to 40% of "endowment-style portfolios" to private markets.

Women also report higher interest in philanthropy in different forms, a tendency that increased since the start of the COVID-19 pandemic, which the report said encouraged women to step up charitable giving.

"However, only 14% of women have spoken to a financial advisor about charitable planning strategies, compared to 20% of men," the report said.

By helping a female client with philanthropic vehicles like a private foundation or donor-advised fund, or even directly donating to charities, advisors can also reduce their estate tax liability.

For women in other wealth segments, many of the report's findings could still be relevant, as women in aggregate "control and are on track to control more wealth than ever before here in the U.S. and around the world," Carey Shuffman, head of the women's segment at UBS, said in an interview.

"This population is changing — everything from the amount of wealth that females are inheriting ... (to) the amount they're generating themselves by positions that they have in terms of earnings," said Susan McKenna, the CEO of Fidelity's eMoney Advisor.

Women also tend to [outlive men](#) by several years, and many women stand to inherit from male spouses who pass wealth on to them. But [they may be unprepared](#) to handle their wealth and estate plans alone.

"It's pretty staggering — 8 in 10 women in the United States will end up in a position where they have to manage their financial lives on their own at some point," Shuffman said.

The report shared previously unpublished data breakdowns by gender from a [UBS Investor Watch survey](#) in October that gauged estate planning needs and concerns among 4,500 high net worth individuals with at least \$1 million of investable assets. It also pulled from similar reports by peers in the industry, such as Fidelity and RBC Wealth Management.