JM FINN

Investment | Wealth

Wealth in Women's Hands

A shifting landscape

Contents

Introduction

It can sometimes feel like slow progress is being made to achieving real parity between the sexes when it comes to financial matters. Yet there has been unimaginable change in the past 50 years: amazingly, prior to 1975, women were unable to open their own bank accounts or apply for credit cards in their own names, while statutory maternity pay only became compulsory in 1993.

While it may be difficult to quantify the rate of change, there is a long-term trend towards many women in the UK owning more wealth – and the aim of this report is to offer women food for thought about managing their wealth. Among the reasons for this growth are life events such as inheritance and divorce, as well as more women founding their own companies or reaching the top of their organisations. This is covered in more detail in the rise in wealth article on page 6. Yet while many women are becoming more affluent, they are still less likely than men to invest their money or use wealth planning services. This may be unsurprising given that investing has historically often been seen as a male preserve.

Gaining wealth is only half the battle; investing and structuring it to make the most of tax reliefs are vital steps to try to preserve it for the long term and to aim to generate an income from invested wealth. Rebecca Dawson gives an overview of the ways in which financial planning can help women on page 40, while on page 30 Voirrey Ward covers the salient points for women to be aware of in divorce law.

The pay gap is beginning to close but can still affect even professional female athletes: on page 14 Tammy Beaumont MBE talks about her experience of managing money as a professional England cricketer. Women have different priorities to men when it comes to their finances and investments; Katie Larnach takes a closer look at the financial lives of wealthy women on page 10.

On page 18, Chloe Vernon-Shore highlights the considerations for female business owners and offers general advice to those thinking about starting their own business. Puja Balachander and Gabi Jennings are female founders who have both enjoyed success: you can hear about their inspiring stories on pages 22 and 36, while on page 48, Louise Hall discusses her experiences as a C-suite female leader. Last but by no means least, on page 44 JM Finn Investment Director Karen Lau gives her thoughts on why JM Finn can be the perfect wealth management partner for women.

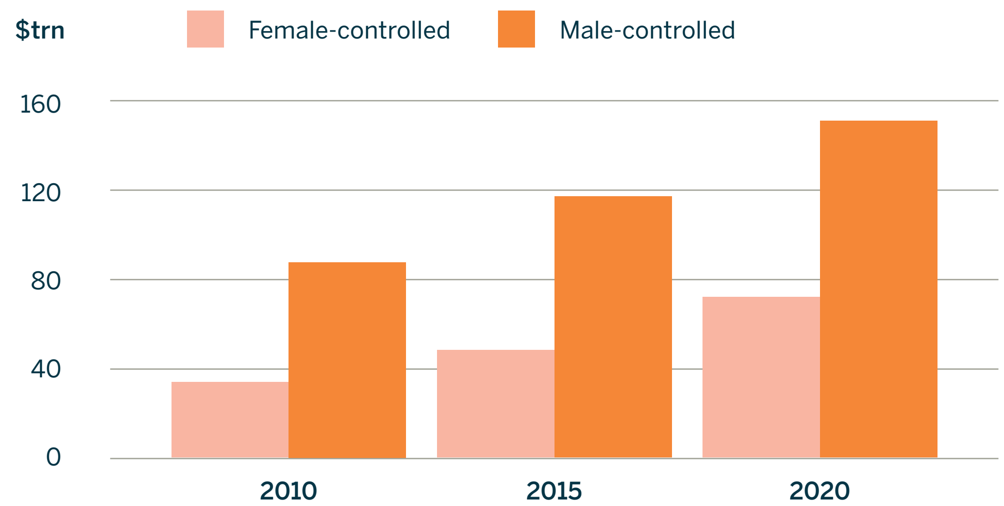
The rise in women's wealth

Carrie Lennard
Marketing Manager, JM Finn

A third of the world's wealth is in female hands[1], and women are accumulating an additional US$5 trillion every year.

A widely reported statistic, that 60% of the UK's wealth will be held by women by 2025, in fact dates back to a 2005 report and is unlikely to be achieved by next year according to its source, The Centre for Business and Economic Research. While we might not yet be close to that 60%, we can say with certainty that there are long-term trends which are creating greater affluence among many women. So what are these drivers?

Female vs male controlled private wealth worldwide[3]†



†Cash, deposits, bonds and equities, excluding property

Inherited wealth and gifting on the rise

Inherited wealth is a major driving factor in the transfer of wealth to women. The baby boomer generation (born between 1946 and 1964) are the wealthiest generation globally – and the UK's population are no exception.

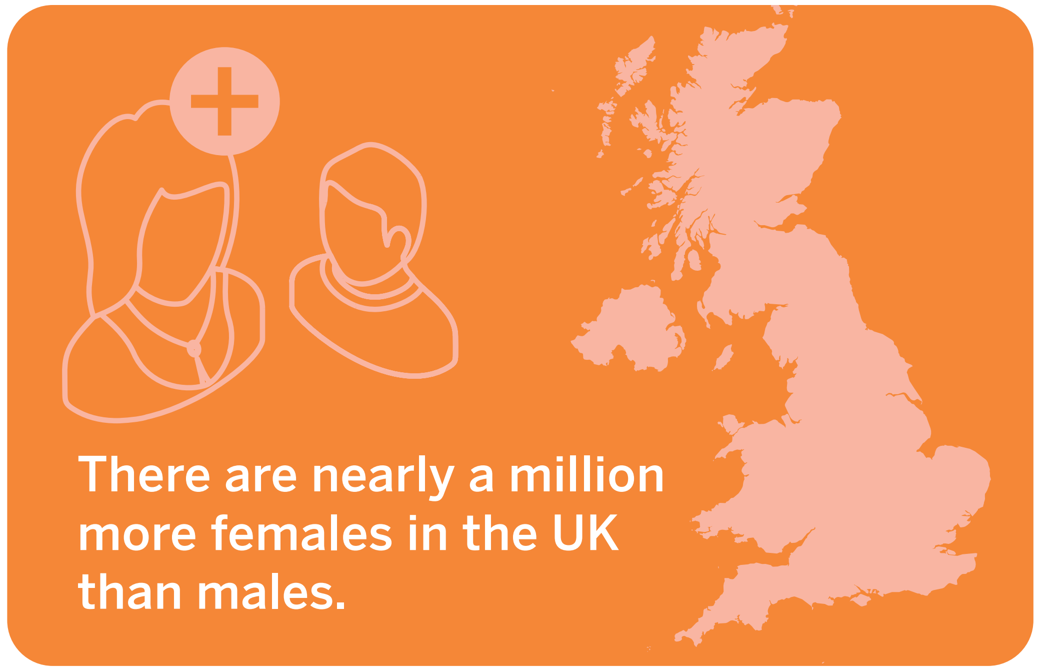
The initial phase of the wealth transfer is typically from male baby boomers to their surviving female partners and spouses as the odds are that many women will outlive their male partners. UK women have outnumbered men for every year since 1953,[2] and at the age of 65 they can also expect to live on average for a further 22 years compared to 19.7 for men. The average age for inheritance in the UK is 61, meaning that many inherit later in life – and this can result in people suddenly finding themselves managing a large sum of money during their later years.

Wealth is then often transferred down from female baby boomers to younger age groups, primarily to their generation X children: the value of inherited wealth passed down the generations is set to double over the next 20 years.[4]

Many people also gift wealth to their loved ones during their lifetimes, often to avoid wealth being lost to inheritance tax when they pass away – taking financial planning advice in order to strike the right balance between gifting and retaining a sufficient income to live on is vital for those who are considering this.[5]

Divorce may even out the disparity of wealth between partners in relationships

While we may not like to think about it, divorce is another contributing factor in the transfer of wealth to women: 42% of UK marriages unfortunately end in divorce, and the figure is on the rise. The starting point for settlements in divorce cases is 50:50. Courts can typically factor in the time women have spent raising children to ensure an equitable split of finances and assets in a divorcing couple. In cases where there is an uneven split in ownership of assets, courts can often order that settlements are made as cash lump sums to the partner with a weaker stake in the family's finances and assets during the relationship, for example where the other party retains the family home. With the average UK age for divorce at 45 for men and 42 for women, in many cases, women may suddenly find themselves midway through their lives facing the dilemma of how best to manage a large sum of money for the long term.



Rising numbers of female entrepreneurs driving affluence among women

On a slightly happier note, another reason for the rise in female wealth is an increase in female-led entrepreneurship. Women founded 150,000 companies in 2022, accounting for 20% of all new firms registered in the UK, up from 17% in 2017. The UK government has also announced a target to increase the number of female entrepreneurs by half by 2030, which if achieved would mean a further 600,000 female entrepreneurs, notwithstanding the impact of forthcoming changes that may impact the number of female angel investors (see the article on the landscape for female investors for further details).

Female-founded companies span all sectors, from beauty companies such as Beauty Pie which offers luxury cosmetics membership, through to challenger companies in the fintech space such as Starling Bank. This rise in female-led companies is translating to a cohort of women who are smashing through the gender pay gap that is seen in many sectors. While there is still evidently much work to be done to reach gender parity in funding for startups, female entrepreneurs outearn their male counterparts by 14%,[6] with an average annual income of £382,000 compared to £327,000 for men.

The point at which many founders see a real difference to their personal wealth is often soon after their previously privately owned firm becomes listed on a public stock exchange (know as an initial public offering or 'IPO'), allowing the company's shares to be bought and sold. Founders may often choose to exit the company at this stage and sell all their shares. In the most successful cases, this can catapult business owners into joining the leagues of the super rich: Whitney Wolfe Herd became a billionaire in 2021 following the IPO of her online dating app company, Bumble.

Wealth in Women's Hands

Women breaking through the glass ceiling and joining company boards

In the employed sector there has also been some progress; women now hold 40% of board positions at companies listed on the FTSE All-Share Index.[7] While this rise has been partly driven by a mandate from the Financial Conduct Authority for UK-listed firms to meet minimum targets for representation of women on their boards or explain why they do not meet these targets, the outcome is that there are advances in the numbers of women reaching the highest salary tiers in the UK.

As the financial playing field slowly begins to level, regardless of the reasons for which women come into wealth, it is important to make their money work as hard as possible, and the best way to do this is typically by investing and taking expert financial advice. ■

Female entrepreneurs outearn their male counterparts by

14%

with an average annual income of £382,000 compared to £327,000 for men

The changing profile of wealthy women and their financial lives

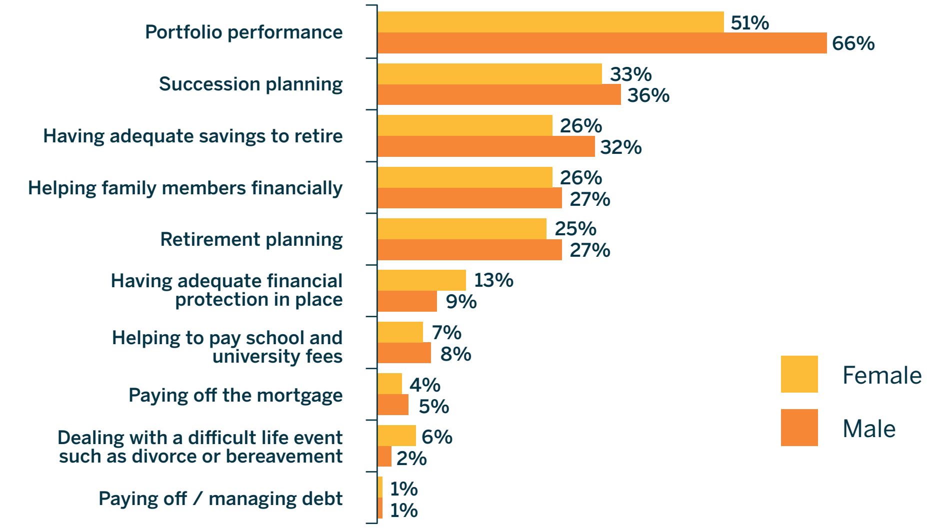
Katie Larnach
Consultant, Savanta

Historically, women have taken a back seat when it comes to managing their finances. In more traditional family structures, it has been men who have managed the family investable assets and been far more engaged with investing than women. And looking at the population at large, we know that women tend not to be as financially well off as men. According to data from the FCA[8], women typically have less investable wealth than men.

Savanta's MillionaireVue research, which aims to understand behaviours and attitudes among British Millionaires, shows that there are also some other interesting facts specific to high net worth men and women. Men (60%) do still tend to be more likely to say they are the main household earner, compared to 52% of women. However, wealthy women are more likely to be entrepreneurs or working for themselves than their male counterparts.

Women are gradually becoming more involved and engaged with their own, and their families', long-term financial lives. In conjunction with this shift, we do still see that men and women tend to think about and behave in disparate ways towards their investments. While men and women have a similar level of confidence in the economy overall, men and women have differing concerns and stressors when it comes to their finances and investments, and they prioritise things differently.

Male vs female financial priorities[9]



What are your main areas of financial focus at the moment? Base - 1,671 respondents.

Living day to day and thinking further

Among JM Finn's client base, there are interesting comparisons between male and female clients when it comes to their main financial concerns. The main financial concern for both men and women is the performance of their portfolio. However a higher proportion of men (66%) name this as a concern compared to 51% of women. Women are also more likely to be concerned with having adequate financial protection.

Women's financial concerns are also less intertwined with their investment portfolio, with women showing more concern towards more everyday financial matters. Men have stronger concerns around the impact of inflation on their investments (57% compared to 51%), while women are more concerned with the rising cost of living (39% compared to 33% of men).

A lack of confidence, or a dose of realism?

In addition to these concerns, women tend to rate their confidence surrounding financial matters lower than male counterparts. However, this doesn't necessarily mean that they are lacking the skills or knowledge, only that they are more circumspect about investing than equally wealthy men. Women are also simply less likely than men to discuss topics like finances and investing with their peers. Less confidence in, and conversation about, investing than men has traditionally led many women to take a back seat in managing finances, and this has historically also translated to deferring to male partners when working with wealth managers and investment companies.

This tends to show in our surveys in data suggesting women place a higher level of trust in their private banking provider or wealth manager. And this is also the case among JM Finn clients, where female clients tend to have even more trust and confidence in their investment managers.

It may indeed be that a woman's lack of confidence in her own financial knowledge and aptitude leads to an increased willingness to trust professional advisers and their specialist knowledge. However, this may be also a sign that some men overestimate their own knowledge and aptitude, misplacing their confidence in their own less trained investing skills.

This approach towards investing and investment professionals may make women happier! In our data women tend to be more satisfied with the returns on their portfolios compared to men. It's possible their risk profiles tend to be lower and more suited to their long-term needs, or that their longer-term view of investments makes them more immune to the fluctuations of the market and its impact on their portfolios.

For the next generation

Among millionaires, women are more likely to transfer their wealth to their beneficiaries as part of succession planning: 21% of women have already transferred a portion of their wealth to beneficiaries, compared to only 12% of men. Men however are more likely to put succession plans in place, write wills and inform their beneficiaries. There is definite scope for more women to appreciate the value of financial planning around inheritance to ensure that their wishes are fulfilled.

Empowered to do more and question more

Increasingly women are leaning into their own and their families' financial lives, and wealth managers are supporting and accommodating these changes. But wealth managers need to continue to support all their clients, ensuring they have access to sufficient resources to feel confident in their own understanding of their investments and their plans. Women should feel empowered to engage with their finances and investments, ask questions and ensure that they feel supported by their wealth managers.

Savanta is a market research consultancy based in London. It has been described as one of the UK's "most respected" polling companies.

www.savanta.com

Wealth in Women's Hands

Striking the right balance

Tammy Beaumont MBE is an England cricket player and long-time partner of JM Finn. Here, she discusses her experience of managing finances as a professional athlete and the gender pay gap in cricket. Tammy was awarded her MBE in 2018 for her contribution to the sport, and in June 2023 broke an 88-year record when she became the first English woman to score a double century in a test match.

As a professional sports player, your playing career is naturally limited. Does this make you focus more on saving some of your earnings for the future?

A few years ago, around 2018, thoughts about my future post playing put a lot of stress on me. I was so focussed on making my career in cricket as successful as possible, probably to an unhealthy level in terms of how much of my confidence and identity was centred around how I was performing. I took some time during the winter of 2018 to ponder on what was next, look at my post career development and I did some planning at that stage, which I'd encourage any young professional athlete to do regardless of gender. I even went on a Contiki tour to shock the system and meet new people from different backgrounds, which I loved. That sparked an old love of learning new things and being forced out of my comfort zone.

I also used Covid as a time to invest in my future through taking as many online courses as I could, learning about all sorts of different things (including landscape gardening, which was rather random!) One of those was an introducer course for commentary and presenting, which in turn has led to me doing more and more work for Sky Sports Cricket – an avenue I want to carry on exploring.

A lot of that time was about self-discovery. I was performing well but not in a great place personally or mentally and my identity was based around how well I performed in cricket. I needed something to focus on, for example being the best auntie or sister I could be. Learning a new skill or finding another passion project away from your sport is a great way to relieve some of that internal pressure – and planning effectively for your future can form part of that learning.

It was also around 2018 that I could first afford to get my own house on a modest mortgage, having made my full England debut in 2009 – nine years earlier. It took some time to find a broker who could find me a company that would take an athlete. In the end I had a choice of two mortgages from one company. That's how quickly the landscape has changed. Now some players are getting contracts in the Women's Indian Premier League (WPL) in one go that are worth more than my first house! To put that into context, my first England contracts were around the £15,000 mark per annum – and the top-paid players in the WPL are picking up salaries in the region of £350,000 for a month-long tournament. The average male professional cricketer retires at around 28, so you have to be aware that you're not guaranteed a 10-15 year career at the top of a sport.

What are your thoughts on the pay gap between male and female professional cricket players?

My general belief is that I don't think we should be equal just yet, but establishing an equality of opportunity is key. For example, the Summer Ashes 2023 was the first time we were on the same ticket as the men, and the same footing from a promotional point of view. Games were also at sensible times to attract crowds. The argument against equal pay is always based on the data surrounding ticket sales and viewing times, but you can only make the comparison to our contributions vs the men's game when we're on that even footing. The data can always be used as an argument, but it's not that simple.

Is any action being taken to address the issue? Do you feel the gap is closing?

We're not far off in terms of how quickly the sport is growing and interest in it. Women's football is always likely to be ahead of us – it's our national sport, with more free-to-air coverage which makes a big difference. Perhaps we need our 'Lionesses moment' – the 2026 World Cup here could have a huge effect if England can be successful on home soil. The women's game has more of a following now than it did in 2017 when we triumphed against India in the final at Lord's.

Do you have any insight into how you have managed an increase in wealth as you became more successful as an athlete?

I have stocks and shares pensions and other small investments. Around two years ago I also bought a buy-to-let property to provide an additional revenue stream. I would advise other female athletes to invest in personal pensions outside of employer pensions as early as possible. A career in professional sports can be very short and unfortunately means that the high salaries they can come with won't last forever. One injury or spell of bad form can see careers end earlier than hoped.

> The argument against equal pay is always based on the data surrounding ticket sales and viewing times, but you can only make the comparison to our contributions vs the men's game when we're on that even footing.

As advice to women generally, I would say this: many of us will be working until we're 70 so whilst you're being paid well, having a trusted relationship that helps you make the most of your earnings and plan effectively is a key part of future proofing and avoiding as much stress as possible. ■

Wealth in Women's Hands

Chloe Vernon-Shore, Partner at Michelmores gives an overview of the landscape for female founders in the UK and shares her top tips for success.

Girl-powered: the landscape for female business founders

The introduction to this report highlighted the significant progress that has been made in levelling the financial landscape for women over the last 50 years.

Businesses, particularly in their infancy, rely on debt, and so it would have been near impossible for a woman to have started her own business prior to 1975 when she could not access credit or open a bank account in her own name. Times have changed and a record high of new businesses are now led by women (20%), but women need continued support to ensure their businesses thrive. In this article, I explore the key challenges for female entrepreneurs and set out my top tips for success.

As a Partner in Michelmores' Commercial team, I regularly advise innovative and disruptive businesses at all stages of their business lifecycle on their key legal needs. I am also the co-lead of MAINstream, a network of angel investors who deploy capital to early stage and growth businesses. While we see a reasonably even split of male and female founders that are looking to raise capital and bring on board angel investors, MAINstream is (much like the rest of this country) still dominated by white, male, middle-aged investors. The UK Business Angels Association reports that just 14% of all angel investors are women, and the gender composition of MAINstream is broadly in line with this national average. It is important to address this discrepancy because women are likelier to invest in women. Female entrepreneurs identify market gaps and opportunities that their male counterparts may miss, and female investors are more likely to recognise, understand and see the growth potential of those opportunities. In 2018, the Rose Review identified the potential to contribute £250 billion to the UK economy by supporting female entrepreneurs and providing access to resources that female entrepreneurs were being denied. Different people move in different communities and have diverse lived experiences – bringing unique ideas to the table as a result.

The number one challenge for female founders is access to funding. According to the British Business Bank, for every £1 of equity investment that was made in the UK in 2021, all-female founded teams received just 2p, while all male-led teams secured 84p in every £1 (more than female and mixed gender teams combined). This discrepancy is remarkable and it cannot, unfortunately, be explained away without reference to some form of bias (whether that is unconscious, societal, or otherwise).

Another challenge to face female founders is a shortage of female role models and an absence of a support network that has trodden the path of female entrepreneurship. Female-founded businesses are on the rise now, but they have a huge amount of catching up to do when compared to their male counterparts. When women were granted the right to access credit and open a bank account in 1975, Companies House was already 130 years old! There is a shortage of female entrepreneurs demonstrating their success to the next generation of female business owners. That will change over time provided we support the growth and success of the current generation of female founders.

The lack of transparency and accessibility of finance presents a further challenge. The language that we use in the financial industry is exclusive and excluding. Financial terms are kept for those in the know (and those in the know have, historically, always been men). Another curveball for female founders is approaching in the form of a government proposal to raise the investment threshold to qualify as a sophisticated investor — it is estimated that this could result in a 70% reduction in female angel investors. As women invest in women, this could ultimately hit investment in female-founded companies.

If you are a female founder, here are my top tips for success:

Focus

Founders perform a number of roles, and they rarely have the luxury of unlimited time or resources. You will have an abundance of information being presented to you, and it can be easy to become overwhelmed. The core focus of any entrepreneur must be the establishment and growth of a unique and investible business. The items on your 'to do list' should always drive towards and further that aim.

Simplicity

Entrepreneurs are often creative thinkers with a host of ideas for their nascent business. While this is perfect for problem solving, the market will be less knowledgeable than you. Drill down to your core market. This will prevent you from spreading yourself and your business too thinly and should negate any confusion among potential investors and customers. This is particularly important for female founders who may have identified a gap in a market and a product opportunity that the male-dominated investor base may not readily identify or understand. Simplicity in your presentation of the problem and your solution will help you to deliver a clear pitch and bring in early investors. Once your business generates revenue or has enough investment, the product range can be expanded.

> Female entrepreneurs identify market gaps and opportunities that their male counterparts may miss.

Choose the right team

It is important that you surround yourself with a team of professional advisers that understand how your business works and that you want to work with. Your advisers should demonstrate a shared enthusiasm for innovative and disruptive businesses – this is something we look for in all our lawyers. Don't settle. Find advisers that ask questions, want to know, listen to you and understand your unique business needs.

Present a united front

Prospective investors will always be interested not only in the business but also the people behind it. Make sure any co-founders are aligned and each understand their respective responsibilities and contributions to the business (with its core focus in mind). This will include formalising how shares are allocated using a shareholder agreement and potentially putting in place directors' service agreements. A business that is well run with simple and comprehensive corporate governance structures will be more attractive to investors.

Protect intellectual property

It will be essential to establish clear and clean ownership of intellectual property assets. This will show investors that your business already has value in those assets and increases the chances of securing investment. Where possible, register patents, trademarks and/or designs. Ensure that proprietary 'know how' and other confidential information is appropriately secured. You should also make sure all agreements with third parties are in writing and contain appropriate intellectual property assignment provisions and confidentiality clauses.

Choose a distinct brand

Your business name and logo should stand out and be a unique representation of the business and its identity. You will need to grow that reputation and the goodwill associated with the business name and brand. Instruct lawyers or trademark agents to conduct searches to check no one is using your preferred name or brand and then have them register trademarks. You want to avoid any costly re-brand at a later stage.

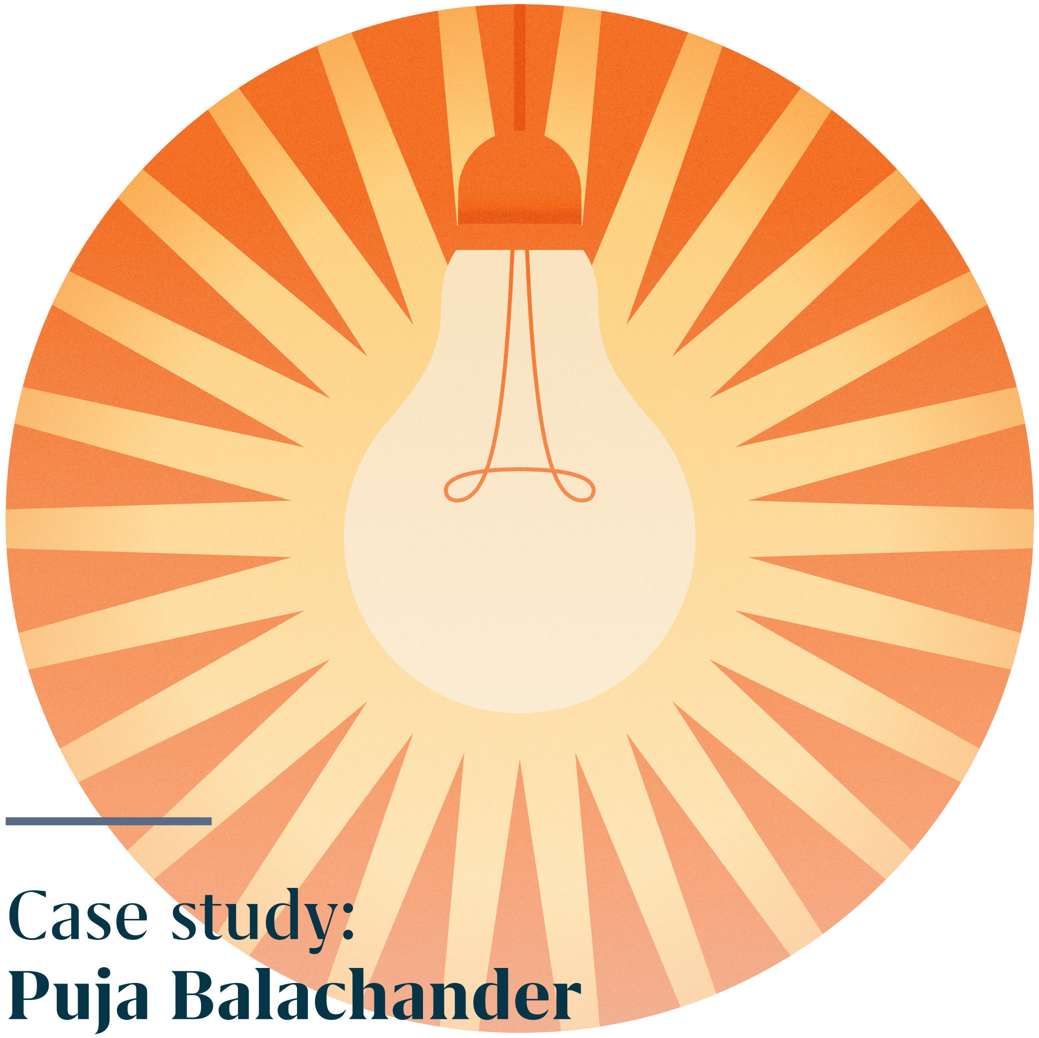
Ensure commercial relationships are covered by contracts

Customer terms and conditions are one of the important documents that you will need to develop at the appropriate time as they will ensure cash flow into your business. They can also help to manage the exposure of your business to risks and liability (through caps on liability and disclaimers, for example). Consumer contracts should be drafted carefully to ensure they are fair and reasonable and meet the necessary legal standards. Finally, do not neglect supplier contracts; they secure the timely supply of key services and components for your business and should impose appropriate standards and service levels on your supply chain.

Be adaptable, resilient and persevere

The path to success is rarely straight and can feel steep and challenging. Unforeseen obstacles will inevitably arise and you may need to pivot your proposition at times. Be adaptable to market and societal demands and stay resilient. ■

Wealth in Women's Hands



Case study: Puja Balachander

Puja Balachander, Co-Founder of popular child development app Devie and Director of Venture at Carbon13 gives her unique insights on her experiences as an entrepreneur turned investor.

Devie was an app designed to support parents of children under 5 to manage their children's behaviour and develop positive parenting approaches. It began as a health check startup in the early childhood development space. I started the company during my MBA programme with some of my cohort. The idea came from my Co-Founder at the time; she was a pre-school teacher who came to the programme with the intent of starting a social enterprise in early childhood development. Although I don't have children myself and my background was in product design, I was intrigued by the topic, love kids and felt that I could help develop the idea into a more tangible product. Our launch coincided with lockdown, so teachers began to share lists of resources for parents to use at home and our app began to feature on many of those, so the app went semi-viral.

In 2021 we exited and sold the app to a US tech company, pre-seed round (i.e., the earliest stage of startup funding) and much earlier than I'd planned, as my Chief Technology Officer (CTO) had to pull out for personal reasons. We had investors lined up but as an artificial intelligence company, they would have pulled out without a CTO – so we needed to shut it down or find a home for it.

While seeking funding, I did have some issues with Venture Capitalists trying to arrange drinks meetings at night and messaging me on Instagram – interactions that I believe wouldn't have happened if I had been male. Ironically though, we did have more success with male investors than with female angel investors – feedback I got was that I seemed like a credible founder of this business due to being female, even though I didn't have children myself.

We make a real effort to recruit diverse founders who will in turn hire more diverse teams.

We wasted a lot of time in the early stages chasing funding from investors who didn't necessarily understand the market. Once we were more strategic about targeting investors who understood the concept and could help it find a route to market, it was a lot easier to get investors on board.

I now work for an early-stage investor for climate tech startups called Carbon 13. My role now is Director of Venture – I manage investments in pre seed stage companies and also run a venture builder programme for founders. Now, investing is my day job – but I've spotted a new gap in the market for a property technology venture which I'm now working on. I haven't experienced problems in my current venture, despite it being heavily male dominated.

In terms of the wider landscape for female founders, I think investors are becoming more aware of the need for diversity. At Carbon 13 we make a real effort to recruit diverse founders who will in turn hire more diverse teams. Among the companies we've invested in, the performance of female-founded companies is on a par with those founded by men, however we see a higher proportion of women who drop out of the venture builder programme. A key reason for this is family obligations, which can make it very difficult to combine with running a startup. I'm not sure that I would have been able to do the number of hours I did on my startup if I'd had a family and other responsibilities. The ability to take a risk is another factor; I paid myself £12,000 for the first three years and don't think that would have been doable if I'd had anyone to take care of financially. There's no balanced way of starting a company and it can be very difficult to do without the right support structure in place.

As advice for women looking to start their own business, I would say go for it – test it out and focus on solving the problems that you know. I would say if you can then don't do it alone – having a good co-founding team can make a real difference. It's also important to be quite brutal with yourself and ask if the idea is really worth the sacrifice. Be very clear on the milestones that you need to achieve and by when. I was far too emotionally attached to my first startup. This time I'm being far more clinical about what success means and what I need from my new property technology venture in order for it to be more fulfilling for me.

Among the companies we've invested in, the performance of female-founded companies is on a par with those founded by men, however we see a higher proportion of women who drop out of the venture builder programme.

Mind the investment gap

Carrie Lennard
Marketing Manager, JM Finn

Despite women gradually closing the pay gap and advancing in the world of work, they are still far less likely than men to invest money: and this is contributing to a staggering £599 billion investing gap between men and women in the UK.[10]

This huge sum is calculated on the basis that 3.3 million more men in the UK than women hold investments.[11] There are myriad reasons for the gap; leaving employment to raise children can mean reduced pension pot sizes, while the continued heavy use of jargon by the finance industry can be offputting to many women – leaving them with the sense that investing is not for them.

Wealth in Women's Hands

Career breaks causing pension pot disparities

A large difference in the average size of pension pots held by men and women is a key contributing factor to this gender disparity in investments. Time out to raise children is among the main causes; although many firms now make it possible to share parental care, it is often the case that women take the lion's share of time away from work to raise children: 53% of women take career breaks compared to only 1% of men.[12] This gap in women's working lives, combined with lower average salaries can often have a large impact on the size of women's pension pots compared to men: the most recent UK government data available (2018-2020) shows a gender gap of 35% between male and female pension sizes.

53%

of women take career breaks compared to only 1% of men.

Jargon can be a sticking point in female perception of the finance industry

At 17%, UK women have a lower propensity than men (26%) to hold any investments in equities – a trend that is mirrored elsewhere in the world. Common reasons are a lack of confidence when it comes to investing – with only 1 in 10 women saying they understand investing.

82%

of women describe themselves as having a low appetite for risk, compared with 69% of men.

One of the main reasons for this lack of confidence is the still pervasive use of unnecessary jargon within the finance and investment industry. Partly to tackle this, the Financial Conduct Authority (FCA) introduced a new principle in 2023 called Consumer Duty. Under this legislation it is now compulsory for finance firms to ensure their material can be understood by all their clients and prospective clients regardless of their level of financial knowledge – it is now no longer acceptable to assume understanding by a hypothetical 'average client'. While this new law should go some way to unshrouding the industry of its air of mystery and gravitas in written communications, it is also important for finance companies to adopt plain English as the default wherever possible.

Lower risk appetite among women can lead to preference for cash ISAs and savings accounts

Another factor in the gender investment gap is that women on average are more risk-averse when it comes to investing: according to FCA research 82% of women describe themselves as having a low appetite for risk, compared with 69% of men. Combined with a lack of understanding and knowledge of the industry, investing in general may be viewed by many women as risky. This perception means that women are likelier to opt for more familiar types of saving that they may perceive as being lower risk: 37% use a cash ISA.[13] FCA research shows women are also 1.3 times more likely than men to have a savings account. Ironically, in the current climate of inflation at elevated levels in the last few years, cash accounts are unfortunately typically a risky way to have kept money – as keeping large amounts held in cash during periods of high inflation can often mean its value declines in real terms.

1.3x

FCA research shows women are 1.3 times more likely than men to have a savings account.

Lastly, recent high-profile press around highly risky unregulated investments like cryptocurrencies, such as the 2022 collapse of the crypto exchange FTX may lead many people to believe that these volatile and unregulated investments are what is entailed in investing. They are also unlikely to have done much to encourage female perceptions of investing as being a viable and safe option for them. There is arguably a place for greater education of consumers– both on the potential benefits of investing compared to holding money in cash, and the differences in likely risk between the regulated investment industry and unregulated investments like cryptocurrencies. ■

Divorce: a shifting landscape

Voirrey Ward
Partner, Stewarts LLP

The latest divorce rates in England remain high, at about 42%. This indicates a significant number of marriages unfortunately end in divorce. Divorce can be a challenging and emotional process. It can be difficult and sometimes overwhelming to cope with and have important financial implications.

It is, therefore, vital for someone facing divorce to ensure they put in place an appropriate team of professionals to support them through the process and do what they can to prepare. The importance of doing so is often greater for women, particularly if they have played little or no role in managing their financial affairs during the marriage. Many may find themselves navigating the legal and financial landscape for the first time.

There is no discrimination between a breadwinner and a homemaker when assessing contributions. The starting point is an equal division of the matrimonial assets.

The legal landscape

The laws and processes for divorce in England and Wales are constantly evolving, reflecting shifts in social attitudes and emerging trends.

No-fault divorce

An example of this is the introduction of 'no-fault divorce' in 2022, which put an end to couples being forced to find blame in one party for the marriage breakdown. No-fault divorce has paved the way for a more constructive approach to relationship breakdown, including a new ability of parties to make a joint application. The new law still requires an 'irretrievable breakdown of the marriage,' but a statement to that effect is now conclusive; it cannot be contested and need not be proved by reference to any facts.

Financial arrangements

The resolution of finances on divorce can be complex and contentious. It is important to receive expert advice in relation to the strategy and conduct of dealing with finances, whether through the court or one of the effective alternatives, such as negotiation, arbitration, mediation or collaborative law.

Financial provision on divorce usually takes one of two forms: (1) capital provision (including for housing) together with ongoing maintenance or (2) what is known as a 'clean break.' This is where one capital award is made, ending the financial relationship between the couple. Where there are children, any settlement will include financial support for the children.

The court has wide powers to make these financial awards through an array of mechanisms, including transfers of property, payments of cash sums, splitting of pensions, variations of trusts, etc. This is a discretionary area of the law, and there are no fixed percentages or solutions.

The division of financial assets

The appropriate division of assets is based on criteria laid down by the Matrimonial Causes Act 1973. This requires the court to consider certain factors such as the length of the marriage, the age and health of the parties, the standard of living enjoyed during the marriage, income, earning capacity, property and financial resources, financial needs (determined by reference to the standard of living) and contributions made to the family.

There is no discrimination between a breadwinner and a homemaker when assessing contributions. The starting point is an equal division of the matrimonial assets, i.e. the assets accrued during the marriage. Non-matrimonial assets can include those acquired before or after the marriage and inheritances, which, in certain circumstances, may be excluded from the division. Non-matrimonial assets can become matrimonial during the marriage, for example, if used to purchase the matrimonial home, they become mingled with matrimonial assets or simply because of the passage of time after a long marriage.

The common starting point is a 50:50 division of the matrimonial assets and the exclusion of non-matrimonial assets, but this is not always the case. Some exceptions include:

- If your 50% share of the matrimonial assets does not meet your needs, there may be an invasion of non-matrimonial assets to top up your award, an unequal division of the matrimonial assets and/or ongoing maintenance.
- If the parties entered into a pre- or post-nuptial agreement that fairly determines a division of assets that is not 50:50.
- Where one party claims to have made a “special contribution”, such that they should receive a share greater than 50%. This refers to an 'exceptional' ability to make money unmatched by the other spouse’s input. This argument rarely succeeds. One of the reasons is that it has the potential to be discriminatory. In the case of XW v XH in 2019, a successful businessman failed in his claim that he made a more significant contribution to the marriage than his wife. The Court of Appeal found “the wife’s enormous contribution to the welfare and happiness of the family, as the homemaker and principal carer of the child, both during and after the marriage, has been and will be invaluable.”

Wealth in Women's Hands

In cases where there is substantial wealth, there is a high likelihood that the financially weaker party, often female, will receive a significant proportion of that wealth on divorce in England and Wales. How that award is received will depend on the makeup of the assets. This could for example be through a cash lump sum, transfer of investments/ other assets or sharing in future investment returns. That party must be able to manage such cash award and/or investments to meet their needs, such as housing and ongoing income. This ordinarily requires appointing appropriate financial advisers and managers.

Preparing for divorce

It is not always possible to prepare for a divorce, but things to consider include:

— Most importantly, putting in place a specialist team of advisers to support you through the process, covering legal and financial advice and emotional support, and starting to take advice at an early stage.

— Where possible, ensuring you have access to finances to meet the cost of obtaining legal and other advice and support.

— Endeavouring to understand your and your spouse's finances (without breaching your spouse's confidentiality).

— The extent to which there is any ability to impact the matrimonial nature of assets, given non-matrimonial assets can become matrimonial during the marriage, thus influencing what is likely to be shared on divorce.

— Not rushing into a decision to move out of a property, as this may not be in your best interests. ■

Stewarts is the UK's largest litigation-only law firm, with more than 400 staff, including 80 partners. It acts for corporate and individual clients in high-value and complex disputes.

www.stewartslaw.com

In cases where there is substantial wealth, there is a high likelihood that the financially weaker party, often female, will receive a significant proportion of that wealth on divorce.

Wealth in Women's Hands

Case study: Gabi Jennings

Gabi Jennings is the founder of Love Ocean, a range of vegan, cruelty-free refillable bathroom and skincare products which retails through Amazon, Superdrug and Selfridges. Here she discusses her unique experiences as a female founder and offers advice for those thinking of starting their own company.

My product range, Love Ocean is an ocean conservation-inspired personal care and wellness brand for the whole family. Our mission is to put ocean conservation front of mind in every family bathroom all over the world, using an easily recognised powerful yet playful cue via our whale tail bottles.

I felt there was a gap in the market for products that could be remembered not only for their eye-catching packaging design, but also for their important mission and purpose.

The hardest part of the whole journey was definitely the funding. I do not have a background in finance and had never previously raised capital. I found it incredibly challenging, particularly from a confidence perspective. It's hard to get investors to buy in before the company is generating any revenue, and with no early prototype product or demonstrated market traction/validation. To get the business off the ground I had to pay upfront for bespoke tooling for the packaging, so I had no option but to try to raise funding for that.

I did an initial pre-revenue seed funding round (i.e., the first round of funding). I raised £200,000 from friends and family and a further £200,000 from crowdfunding using the Crowdcube platform; our campaign ended at 199% overfunded, so was very successful. All the investors I spoke to really understood and liked the idea and most said they could see this appealing to a large consumer goods business for acquisition in the future. The issue was the investment risk due to the early stage of the business, and many said they would like to be kept in the loop on the business's progress.

The main challenges of the business always come back to funding: the time it takes diverts from running the business.

I think there is a lot of talk and awareness of the funding gap for female-founded businesses, but my experience has been that I have still struggled to secure funding. Many of the female funding-focussed networks and communities still work on a similar risk basis to institutional investment houses and funds. Raising capital at seed business stage I think is hard for all groups, but minority groups find it even harder at this stage.

The main challenges of the business always come back to funding: the time it takes diverts from running the business. The unexpected success milestones, such as our earlier than expected retail pick up with Selfridges, Boots and Waitrose then create more funding needs for increased stock requirements.

I scaled the business from the initial idea to where it is today through sheer unmovable belief in the concept and market need, along with an unbreakable passion and determination. The last two are the key drivers to a business like this – it is unbelievably hard to build a consumer brand from scratch, but investors and retailers really buy into a founder's determination.

My hope is to be able to see the business grow to become part of a large consumer goods company's environmental, social and governance (ESG) portfolio. I would love to see both the business and myself as a founder grow to deliver a brand that will become a memorable part of family life, be remembered for generations to come, and drive behaviour change in family bathrooms so that everyday products are reused and refilled.

My advice to other women who may have an idea and be thinking of starting their own business would be to just go for it.

My advice to other women who may have an idea and be thinking of starting their own business would be to just go for it. I think sometimes women hold themselves back by trying to perfect the whole plan and concept before going out to market – but the sooner you can start conversations, the better the feedback for the development stage. Go out and be open to feedback, as that is how we can learn and iterate the concept. ■

www. loveocean.com

How could wealth planning help?

Rebecca Dawkins
Wealth Planner, JM Finn

Everyone's wealth journey is different and depends on their personal objectives and circumstances. However, there are common experiences that women face, which can have a significant impact on their financial stability. Although we are seeing progress, the gender pay gap remains.

> Men and women start their wealth journeys at different levels, which may mean that women need to save more in order to achieve similar outcomes.

In April 2023, the pay among full time employees was 7.7% lower for women than men.[16] This difference in earnings means that men and women start their wealth journeys at different levels, which may mean that women need to save more in order to achieve similar outcomes in retirement. It is crucial to start your wealth journey early and plan ahead. No matter your personal circumstances, you can benefit from structuring your assets in such a way that is tax efficient and will put you in a good financial position over the long term.

The first step is understanding your financial goals and determining the appropriate investment approach to meet them. Prioritising each of your financial objectives can help determine the appropriate level of risk that you should be taking, alongside your level of comfort with risk, which will help you make good, informed choices. As you move through life and your objectives evolve, the asset allocation of your portfolio can be amended to suit you. Women are often more hesitant to move cash savings into the investment market, where their money will work harder for them, and therefore, women may be more at risk of their assets being eroded by inflation.[17] Taking sensible risk to meet long-term goals should be considered and discussed at length with a financial adviser.

Given women's life expectancy is generally higher than that of men, it is important to ensure income in retirement can be sustained for a longer period of time. Although it is hard to predict how long funds will last, and some assumptions must be used, cashflow modelling can be used to help illustrate financial scenarios, which can be used to plan for different outcomes. If you have a partner, sit down with them and understand your family's finances. Ensure your goals and how you are working together to achieve them are aligned.

JM Finn's Wealth Planners can work with you to understand your objectives and goals, and put in place the right structures to help accumulate your wealth.

Plan for the unexpected. In the event your partner predeceases you, the last thing you want to worry about is your finances. Set up Wills and Powers of Attorney now and have less to think about in the future. By reviewing and suitably arranging your financial affairs early, you are prompting open and honest discussion with loved ones, which will be beneficial in the long term.

An estimated 20 million people have lost touch with their financial providers. This includes £37 billion lost in pensions.[18] Taking stock of your current financial situation includes reviewing your pension plans, savings, and other investments that you have accumulated over your lifetime. Take time to gather information on previous investment providers you have used, and ensure you are not losing assets in your name due to poor administration. One place to start is pension consolidation. This can be a very useful exercise, as you may find old pension pots which you had forgotten about or are from previous employment. Consolidation will likely reduce your overall administration and potentially reduce the cost. It can help you assess your risk appetite, capacity for loss and enable you to focus on your financial objectives.

Women more often than men take time out of work to raise their families, which can lead to potentially broken or halted years of pension accumulation. It can be hard to make up the years, but understanding how much you are able to contribute each year, and the tax benefits of doing so, is crucial.

Emphasis should be placed on building savings and bridging any gaps. The days of defined benefit pension schemes and guaranteed income in retirement are disappearing, and we now have to save through defined contribution schemes and bear the greater responsibility for the destiny of our pensions. It is important to consider how much you need to be saving to reach your retirement goals and how your money should be invested to get there.

With regard to your state pension, taking time out of work for childcare may impact your accumulation of National Insurance credits, however, you may be eligible for childcare credits. Check your state pension forecast at https://www.gov.uk/check-state-pension, and learn how to plug any gaps in your National Insurance contributions to boost your eligibility to the full state pension.

There are various allowances, which, if affordable, should be taken advantage of each year. These include ISA allowances (£20,000), pension annual allowances (£60,000), and various tax allowances, including dividend and capital gains tax allowances. JM Finn's Wealth Planners can help you with any of the areas mentioned in this article. They can work with you to understand your objectives and goals, and put in place the right structures to help accumulate your wealth.

Wealth in Women's Hands

Below is a checklist to provide a starting point:

- Write down your financial objectives and discuss them with a Wealth Planner.
- Speak with a solicitor about drafting/updating Wills and Powers of Attorney.
- Begin thinking about investments at the beginning of each tax year to ensure you don't miss any deadlines.
- Speak with a Wealth Planner about utilising allowances available to you: ISAs, pensions, Capital Gains Tax.
- Check your state pension forecast and make National Insurance top-ups where required.
- Ensure your expression of wishes on your pension is up to date.

JM Finn's Wealth Planning team could help with any of the areas discussed in this article. If you would like further information, please contact us.

TRUST AND CONFIDENCE

96%

of JM Finn's female clients are satisfied with the firm.

TRUST AND CONFIDENCE

98%

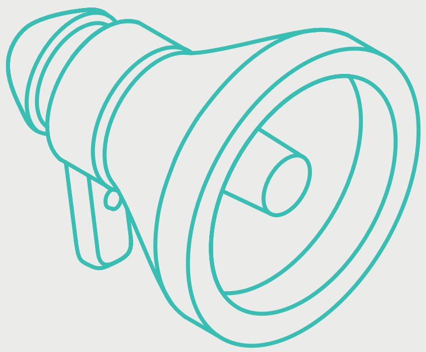
of female clients are satisfied with their JM Finn Investment Manager.

SERVICE SATISFACTION

JM Finn's female client NPS* in 2023 was

68

far higher than the wealth management industry average of 28.



* Our Net Promoter Score (NPS) is a measure of our clients' willingness to recommend us.

Why JM Finn is the right investment partner for women

This report has highlighted the progress women have made in their professional lives and the shift in wealth from men to women, alongside the challenges women face with managing their financial assets. In my experience on the ground as an Investment Director, there is a clear gap in financial knowledge, creating scope for many women to become more confident in managing their wealth, to take risks and to delegate – making use of professional help.

Karen Lau
Investment Director, JM Finn

Why invest?

My observations are aligned with the points raised in the Investing Gap article in this report: more women tend to be risk-averse than men and prefer to see their money in a bank account where they feel it is safe. However, women seem to be less aware in conceptualising the effects of losing money in real terms over time, i.e. the purchasing power of money being eroded by inflation. For example at the time of writing, the UK interest rate is 5.25%, however inflation is at 4% — so by the time you take into account any tax that may be payable, return on cash is not meaningful. By increasing your share of investments in other assets, this can help mitigate the longer-term effects of inflation. As an example, the average stock market return is about 10% per year, as measured by the S&P 500 Index, but that 10% average rate is reduced by inflation, which will typically reduce returns by 2% to 3% per year over a long investment time period.[19]

Why invest with JM Finn?

While women may feel alienated by the investment industry as a whole, at JM Finn we are proud that the opposite is true of our female clients – and our personal service resonates with them. In our most recent client survey, 98% of our female clients said they were satisfied with their Investment Manager, and 96% were satisfied with JM Finn overall. A big contributing factor to this is that we understand that financial jargon can feel unhelpful: so wherever possible, we avoid it. We work hard to demystify the language, talk in plain English and make investing more accessible to all our clients. Many of my colleagues and I came from a non-financial background and when we changed career paths to finance, the first hurdle was re-learning our vocabulary to understand the financial terminology – so we seek to remove this barrier for our clients. We believe this ethos imbues trust and understanding.

We take the time to develop personal relationships; many of my clients have been with me for many years. We provide a highly tailored service, taking account of each client's unique individual needs and appetite for risk, and personalising their investment portfolio accordingly. This approach resonates with our female clients, 99% of whom say they are satisfied that they have a personal relationship with someone they trust at JM Finn.

One of the fears I often see among female clients is that they are locked into investing, so it is important to highlight that at JM Finn we only invest in 'liquid' assets, meaning that they can be relatively easily converted into cash. We do not invest in opaque assets such as illiquid hedge funds with infrequent redemption dates.

We have regular meetings with clients to ensure they feel comfortable with their balance of assets and, if necessary, to adjust the proportion of their wealth that is invested, with the overarching goal of making sure their money is working as hard as possible for them. This inspires high levels of trust among our female clients; 97% agree they have trust and confidence in their investment manager and 96% agree they have trust and confidence in JM Finn as a firm.

We also encourage and educate clients on the wisdom of compound investing (where over a long investment time horizon, returns are typically made on both the interest and the original investment) especially where there are children or grandchildren involved.[20] We can help women gain greater control over their finances, take a more active approach in managing their money and feel comfortable with investing.

> We provide a highly tailored service, taking account of each client's unique individual needs and appetite for risk, and personalising their investment portfolio accordingly.

We are also aware that there is a lot of work to do from a younger generational perspective and we want to be part of the solution. One way we do this is by educating through our numerous work experience programs, including the Women in Finance Day and our partnership with Girls are Investors (GAIN), where we take interns for several months.

TRUST AND CONFIDENCE

99%

of our female clients say are satisfied that they have a personal relationship with someone they trust at JM Finn.

On a personal note, I have been lucky enough to be brought up by a strong, financially astute mother. She helped me open my first bank account with Barclays (I still remember the blue parrot money box), sat me down with a cheque book at 16 years old, taught me how to budget, save using ISAs and spend sensibly. She also explained how to use credit cards responsibly at 18 and, more relevant to my profession today, the importance of long-term investing. I hope that this report dispels some of the fears around investing and encourages more engagement from clients so we can help them meet their financial goals and even the playing field for you, your daughters and granddaughters. ■

To find out more about how JM Finn can help you to simplify your financial life, please call 020 7600 1660

An industry view

Louise Hall
Non-Executive Director, JM Finn

Louise's career spans over 30 years, including many on executive and non-executive management boards. She is also Chair of Governors at an all-girls school. Here she discusses her experiences as a woman who has progressed through the glass ceiling to become a corporate leader, and shares her thoughts on the importance of education at a young age to tackle the gender imbalance in managing finances.

At the age of 13, I was taken on a tour of what was then the Stock Exchange and remember looking down on the frantic trading floor where a sea of men in top hats stood shouting at each other. Whilst watching, someone explained to me the concept of buying shares ... and that was it. From that day on, I wanted to work in the City (role as yet unspecified) and it never dawned on me that the sea below contained no women.

In time, I landed my dream job as an investment manager (we were called stockbrokers in those days), working first with private clients and subsequently with charities. Although there were less than a handful of other women in the role, and none of my age, I can honestly say I rarely noticed this and never felt any disrespect or discrimination. Although it was highly nerve-wracking when first having to speak in a meeting of all men – and most of my meetings were all men for many years – over time this became a positive: I observe a subconscious tendency for men to underestimate women at first sight ... the elation when you see you have earned their respect is tremendous for confidence.

My role gradually expanded and involved increasingly more leadership and people management. One aspect I was passionate about was bringing more women into the business. The young women I worked with tended to slave diligently and hope for recognition whilst the young men knocked on my door and told me how brilliant they were. A slight generalisation but feedback suggested that having a female leader, both as role model and sponsor, made a huge difference to the development and confidence of many female colleagues. The best moments were always those relating to clients, such as seeing the trust in a new widow's eyes as she gradually takes on the mantle of the family finances.

In truth, it was diligence and recognition of my commitment that resulted in my career progression to ultimately join the board. I did not feel I had to work harder than my male counterparts to achieve this, but I did often feel the inevitable imposter syndrome as I advanced to lead them. But alongside that was a quietly growing confidence – I can't be completely awful at this – and this is a message I would impart to those at earlier stages in their career: the more you know, the more confident you will feel and the brighter you will shine so your merits will be recognised without having to shout.

As other articles have suggested, even the brightest of women can feel they lack understanding about finance. But the myths about investing need to be busted early on. Education at school age on the basics of finance and the opportunities in that field is imperative. As Chair of Governors at an all-girls school, I am delighted that there is a strong focus on things like entrepreneurship, technology and financial understanding. Not only are these key building blocks for life, but they can also help to redress the gender imbalance in managing personal finances. I also hope this education attracts more brilliant young women into the world that I loved for over 30 years. ■

Sources

The rise in women's wealth

[1] https://www.bcg.com/publications/2020/managingnext-decade-women-wealth
[2] UK population 2020, by gender | Statista
[3] Boston Consulting Group
[4] https://www.resolutionfoundation.org/publications/intergenerational-rapport-fair/
[5] https://ifs.org.uk/publications/who-gives-wealth-transfers-whom-and-when-patterns-giving-and-receiving-lifetime-gifts
[6] https://priceonomics.com/the-average-income-offemale-entrepreneurs/
[7] More women on UK boards but number of female bosses flatlines | Women in the boardroom | The Guardian

The changing profile of wealthy women and their financial lives

[8] https://www.fca.org.uk/financial-lives/financial-lives 2022-survey
[9] What are your main areas of financial focus at the moment? Base - 1,671 respondents.

Mind the investment gap

[10] https://www.boringmoneybusiness.co.uk/learn/articles/ women-missing-out-on-gbp599-billion-in-genderinvestment-gap/
[11] https://www.gov.uk/government/statistics/genderpensions-gap-in-private-pensions/the-gender-pensionsgap-in-private-pensions#:~:text=The%20Gender%20Pensions%20Gap%20is,men%20and%20women%20around%20NMPA%20.
[12] https://www.financialreporter.co.uk/women-lose-almost-2500-a-year-in-retirement-due-to-career-breaks.html
[13] https://www.fca.org.uk/insight/gender-personalfinances-and-covid-19
[14] Women not concerned by gender when picking an adviser | Money Marketing
[15] https://investinginwomen.co.uk/womeninvesting-gap-success-strategies/

How could wealth planning help?

[16] https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023#:~:text=In%202023%2C%20the%20gap%20among,seen%20in%202019%20(17.4%25).
[17] https://www.mercer.com/en-gb/insights/privatewealth-management/financial-planning-forwomen/#:~:text=Financial%20planning%20for%20women%2C%20is,achievable%20long%2Dterm%20financial%20goals.
[18] https://www.ft.com/content/e3e91313-fc53-495b-9281-0e80096c0a4b

Why JM Finn is the right investment partner for women

[19] What Is the Average Stock Market Return? - NerdWallet.
[20] Compound interest | https://www.jmfinn.com/our-thinking/compound-interest/

Get in touch

If you have any questions about how we can help build the future you want to see, please call

020 7600 1660

or if you would like to speak to your local office:

London

25 Copthall Avenue
London.
EC2R 7AH

020 7600 1660

Bury St Edmunds

60 Abbeygate St.
Bury St Edmunds
Suffolk. IP33 1LB

01284 770 700

Bristol

22-24 Queen Square
Bristol.
BS1 4ND

0117 921 0550

York

HQ Building
Hudson Quarter
Toft Green
York. Y01 6JT

01904 235 800

Winchester

Regency House
13 St Clement Street
Winchester.
SO23 9HH

01962 392 130

The value of investments and the income from them can go down as well as up and investors may not get back the amount originally invested.

Follow us on:

Registered Office:
25 Copthall Avenue
London. EC2R 7AH

020 7600 1660
info@jmfinn.com
www.jmfinn.com

GA-WWR-01-0324