

Handelsbanken

Wealth & Asset Management



WEALTH SURVEY 2023

Can we solve the
gender wealth gap?

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Methodology

Research conducted by Opinium among a sample of 4,000 UK adults between 20th and 27th February 2023. Respondents were chosen on a nationally representative basis, weighted evenly by gender, age, region and value of financial assets. Of the overall sample, 1,949 (49%) were male and 2,037 (51%) were female, while 701 (18%) had a net worth of more than £100,000. Overall, the mean value of financial assets was £107,307 and the median value was £37,501.

Results were analysed to focus on gender differences between 10-year age brackets and financial assets to identify trends between demographics. Any population figures are extrapolated based on a UK adult (18+) population of 53,188,000 (mid-2021), published by the Office for National Statistics in December 2022.



Welcome to our Wealth Survey 2023

We're delighted to bring you the results of our first national Wealth Survey, which delves deep into the issues surrounding wealth, personal finances and long-term financial planning.

We used our survey to investigate an extensive range of topics, getting to the heart of how the nation feels about a broad spectrum of money matters. Exactly how worried are we about inflation, interest rates and the cost of living crisis? How much have we saved into our pension pots? Which factors do we most worry will impact our financial futures?

In asking these questions, we uncovered fascinating patterns in behaviour, anxieties and financial responsibilities. Unhappily, if entirely predictably, our findings also found strong evidence of the gender wealth gap – a widespread wealth disparity between women and men.

We already knew that this gap existed: this was never up for debate. However, amid a field of sobering data, we were alarmed by the apparent extent of interconnected issues, including worrying levels of financial literacy and confidence among women, and the ongoing presence of this disparity in younger generations.

In compiling this report, we wanted not only to discuss the features of the wealth gap, but also to take a closer look at how this situation has emerged, and why it has continued. Most importantly of all, we wanted to consider some realistic ways to help close the gap.

What follows is a series of chapters covering important aspects of the gender wealth gap, brought to life through the findings of our Wealth Survey, with input from around the Wealth team at Handelsbanken Wealth & Asset Management.

What will the report cover?

- In our first chapter, *Turning the tide on women's financial confidence*, we unpick the history and long-term effects of women's exclusion from the financial system, and the things we can do to change this picture.
- Our second chapter, *Is it too late to address the pension gap for women?*, takes a closer look at the gender disparity in retirement savings, and outlines some practical solutions to alleviate this mismatch.
- In our third chapter, *The gendered division of labour extends to money matters*, we assess the evidence that finances are still managed according to gender, why this matters, and how we can encourage rebalance.
- Finally, our fourth chapter, *Are women and men worried about the same financial issues, and the right financial issues?*, takes a look at the financial preoccupations keeping the nation awake at night, and whether our attentions might be better focused elsewhere.

Closing the gender wealth gap will not be an easy process, and – given the systematic, long-term nature of some of the issues at hand – there are no quick fixes. As wealth managers, we believe we have an important role to play in finding solutions to this ongoing disparity, and empowering all of our customers to confidently build secure financial futures.

We look forward to your reflections, comments and feedback.

PK Patel, Head of Wealth Management

Turning the tide on women's financial confidence

The story of women's exclusion from financial products and services is a long one, and it has certainly taken its toll. Study after study has demonstrated that women have lower confidence than men when it comes to the financial world, and our own survey highlights the dismaying breadth and depth of this disparity.

But how have we ended up here, and can we turn the tide?

Poor financial understanding is broad based, but higher among women

Financial service providers have historically built many barriers between themselves and their customers. From an overreliance on jargon to a penchant for overcomplicated financial products, it's little wonder that confusion about the financial world is rife throughout the UK population.

Our survey indicated that investments, pensions and mortgages are among the worst understood financial products, leaving people apprehensive about making financial decisions on their own in these areas. However, the survey also found that women were more likely than men to state a limited understanding (or no understanding at all) of these particular financial products, and admitted to being even less confident than men in making decisions in these areas. Our survey also highlighted the gender divide when it comes to self-assurance in sharing financial knowledge. Just 29% of women said that they'd be confident in offering financial advice to friends and family, versus 43% of men.

A widespread lack of understanding surrounding mainstream investment products like investments, pensions and mortgages is concerning, but the gender gap here is especially troubling. As **Lucy Allington, Client Director** at Handelsbanken Wealth & Asset Management, points out:

“Financial products like this can be critical in building and preserving wealth, meaning that a lack of understanding and confidence in these areas is likely to be hindering women's financial progress. Put simply, lower literacy around financial products and financial markets is hampering women's ability to build wealth.”

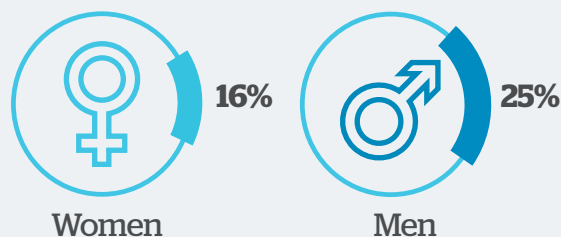
But a lack of confidence doesn't explain everything. Indeed, an investigation run by the Global Financial Literacy Excellence Centre (GFLEC) in 2021 estimated that differing confidence levels account for only around one third of the literacy gap between men and women, with the rest coming from a genuine disparity in financial knowledge. But how has this happened, and can the damage be undone?

Women have been systematically excluded from the financial system

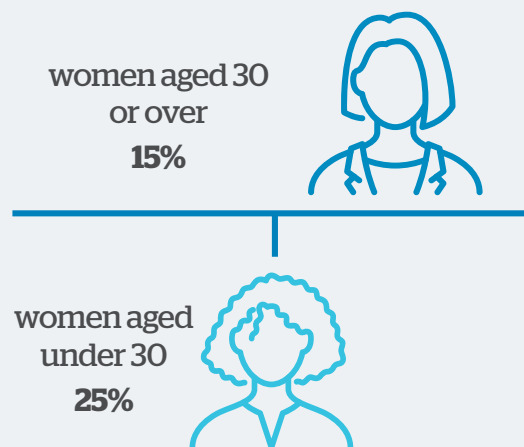
The financial world has a long history of excluding and alienating women. Hard though it may be to believe, until the Sex Discrimination Act was passed in 1975, British women did not have the right to open a bank account or credit card, or take out a loan (including a mortgage) in their own name. Indeed, for many years after the act was passed, there were still reports of financial product providers demanding male guarantors.

To make matters worse, until the 1990s, laws around taxation meant that a married woman's income was counted as part of her husband's income for tax purposes. This effectively meant that if any married woman had income that she hadn't told her husband about, no matter the legitimacy of the source, she could effectively be defrauding the taxman. This did not change until the introduction of 'independent taxation' in 1990, when individuals began to be assessed as separate people for tax purposes, regardless of marital status.

Who believes they had a good school education on managing money?

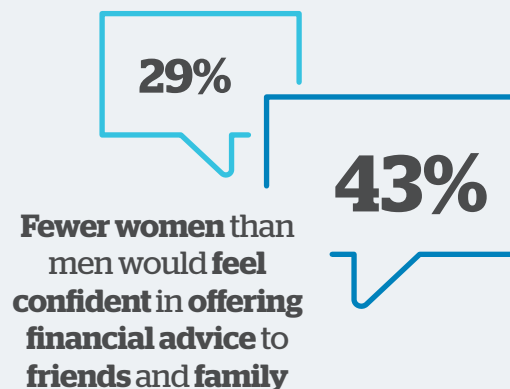


but younger women feel they had a better education on managing money



“ Put simply, lower literacy around financial products and financial markets is hampering women's ability to build wealth. ”

Lucy Allington, Client Director



Lucy highlights the potential intergenerational damage caused by this level of systematic exclusion:

“The majority of adult women in the UK today were born and raised in an era when women were overtly discriminated against by the financial world. The older portion of these women have lived through a time when they couldn’t even take out a loan, or buy a home, without a male guarantor. Coming up behind them, we have a generation of younger women who have grown up without fully financially-enabled female role models to learn from. Left unchecked, the damage done to women’s financial literacy and confidence could take many generations to wash out. We need to find ways to supercharge the repair work.”

A literacy gap can exacerbate a wealth gap

When it comes to confidence and financial literacy among women, the problem starts early. Just 16% of our female respondents reported that they had received a good education around managing money, compared to 25% of men. But there could be light on the horizon: our survey found that this disparity in financial education was less acute among younger respondents, with a greater proportion of women under 30 believing that they’d had a better school education relating to managing money than those aged 30 or older.

More limited knowledge and confidence makes it less likely that women will participate in financial markets, share their financial knowledge with peers, and accumulate assets. Over time, this has the potential to create huge disparities in financial behaviour and wealth. In effect, a literacy gap can in itself create – or exacerbate – a wealth gap.

On the flipside, financial success and financial confidence appear to exist in a virtuous cycle. Our survey found that women with assets of £100,000 or more, typically attested to having a greater understanding of a range of financial products than women as a whole, closing the gender knowledge gap in a number of areas. Women in this wealth bracket also felt more confident about making financial decisions, closing the gender confidence gap in most areas too.

What’s more, affluent people are more likely to encourage their children to learn about managing money, leaving them better

prepared for the future. Among respondents with assets above £100,000, 61% were likely to encourage financial education in their children, while this figure was just 47% for those with assets below £100,000.

How can we improve women’s financial knowledge and confidence?

Turning the tide on the way women view financial services, and the way financial services views women, needs a concerted drive to change behaviours. Lucy outlines some compelling ways to effect this change:

Take good and empowering advice

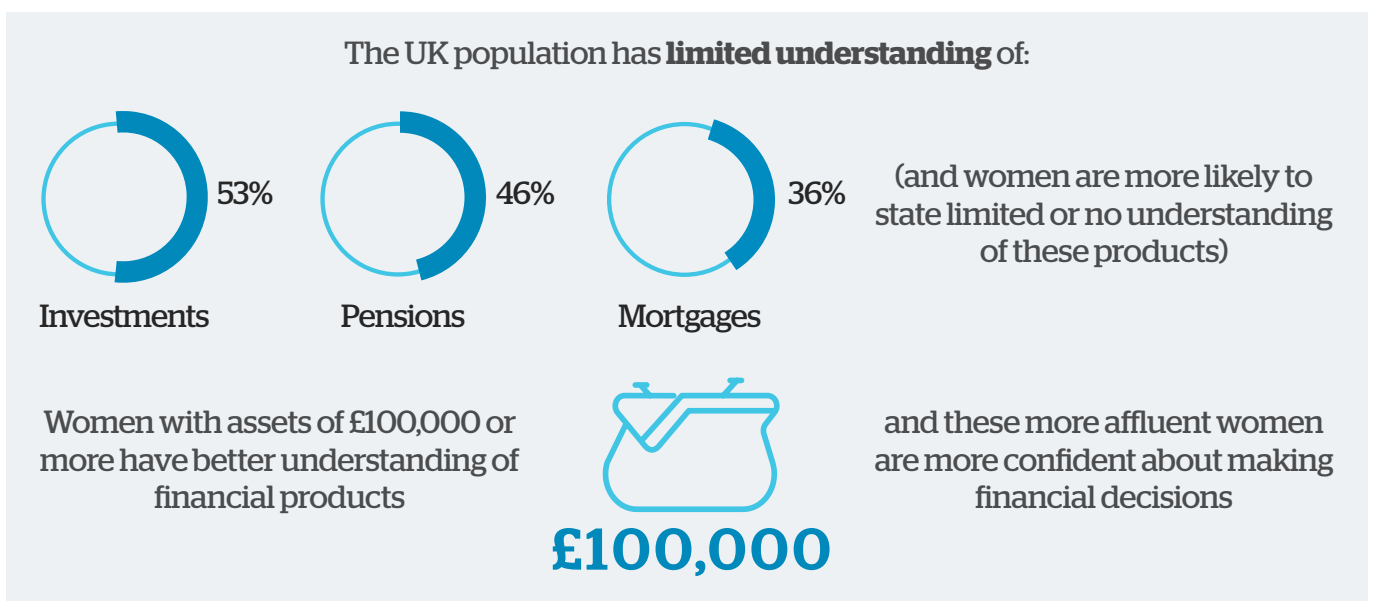
“Taking good advice doesn’t mean simply doing as you’re told by a financial expert. Your financial adviser should be someone you can trust, and who empowers you to make your own financial decisions, with honest and informative guidance. Always ensure that you understand the risks (and potential rewards) of any products you choose to invest in, and that your adviser has a solid plan for your long-term financial future, rather than simply focusing on making short-term gains.”

Make the most of learning events and resources

“Whether you realise it or not, you have a wealth of learning resources available to you. From websites and podcasts, to events (both online and in person), there are so many ways to improve your understanding of the financial world. If you’re interested in learning with Handelsbanken Wealth & Asset Management, why not take a look at our Learning Zone, or get in touch to ask about attending one of our learning events?”

Start the next generation early

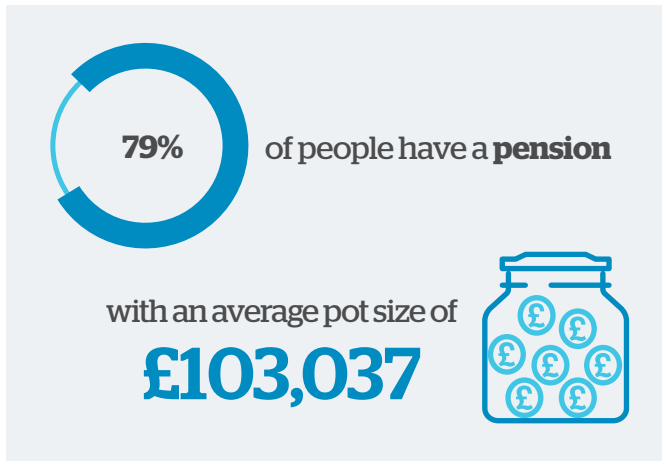
“It’s critically important for younger people to develop their financial literacy early, building their understanding of the products and services that will help to shape their financial future. Speak to your children about money matters, and make sure they understand both the risks and opportunities presented by financial products. If you have a financial adviser yourself, consider bringing your child along to meetings and consultations where appropriate, to familiarise them with the scope and nature of financial discussions.”





Is it too late to address the pension gap for women?

Our Wealth Survey has revealed that fewer women than men have pensions savings, and those that do are saving less than their male counterparts. How has this pension gap come about, and can we fix it?



Men are better financially prepared for retirement

Based on our survey, 79% of the UK population has a private or workplace pension – around 42 million people. Our survey indicated that only 16% of men do not have a pension pot, but more than a quarter (26%) of women had no formal pension savings at all.

Taking a closer look at women who do have a private or workplace pension did not alleviate our concerns about the pension gap. Our survey very clearly indicated that women’s pension pots are substantially smaller than men’s. The average level of pension savings for all respondents was £103,037, but male respondent’s pension pots tended to be much larger than this, with an average size of £142,234. In stark contrast, women’s pension pots averaged just £51,384.

Hardly surprising, then, that only 23% of women are confident that they would be able to retire comfortably. This is the equivalent of 6.2 million women in the wider UK population, meaning that a staggering 20.8 million women could be facing an underfunded retirement.

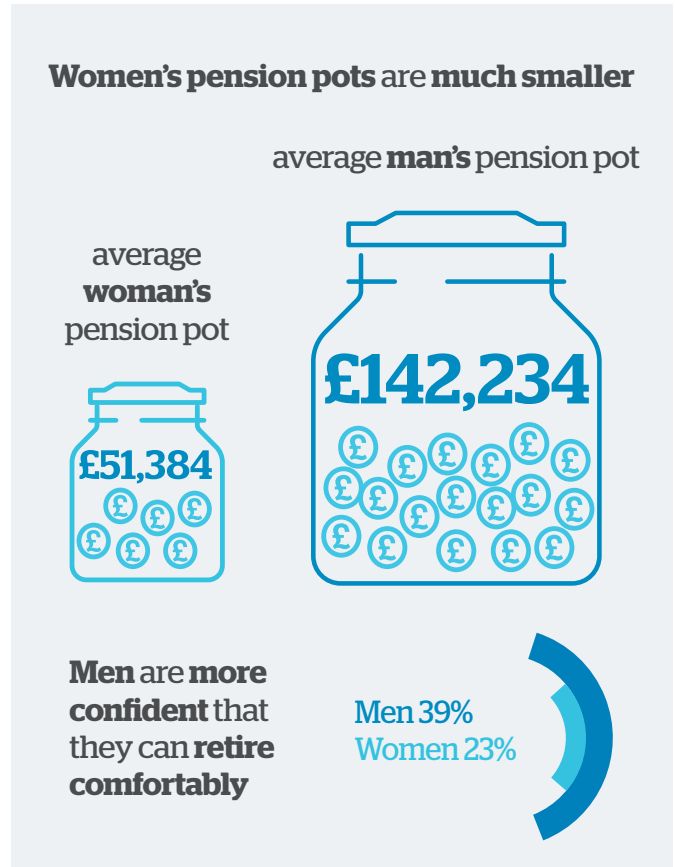
How has this disparity emerged?

The reasons for the current extent of the pension gap are multifaceted and complex, ranging from social and educational factors to individual bias and differing career opportunities.

Average earnings remain lower for women than for men, and this is even more pronounced in women above 40 years old. Despite the emergence of more progressive family leave policies, change takes time to filter through, and women are still more likely than men to work part-time for at least some of their career, or to take time out of paid employment to care for family. This has considerable knock-on effects when it comes to paying into a pension over time.

Taken together, all of this has had an impact on women’s ability to save for retirement, contributing to the pension gap in evidence today. **Christine Ross, Client Director** at Handelsbanken Wealth & Asset Management, notes:

“The pension gap between men and women is extremely problematic, as the benefits of pension savings accumulate over the long run. This means that larger pension pots have the potential to make larger financial gains over time. As a



result, chronically lower – or entirely absent – contributions to women’s pension pots throughout their working life can have a very real effect on their final pension benefits.”

Pensions have an image problem, and an information problem

A lack of good information has also hindered retirement planning, often disproportionately affecting women. And this is not just limited to private pension schemes.

To qualify for a new state pension, most people in the UK will need to have met a given threshold of National Insurance contributions for at least 10 years in total. For anyone working part time, or taking breaks from working (more commonly women than men), there may be some years where this threshold is not met. A scheme which allows people to fill in gaps in their National Insurance contributions during the years from 2006 to 2016 (by making additional voluntary contributions today) is now drawing to a close. However, the scheme has not been especially well publicised by the government, and public advice on the subject has been extremely limited.

Meanwhile, private and workplace pension products have struggled with an image problem. As Christine points out:

“The sheer complexity of the pensions market can be off-putting, and it can feel as if the goal posts keep moving when it comes to the rules and regulations surrounding retirement savings. Pensions have come a long way since the 1980s and 1990s, but an historical lack of transparency around fees and charges, and a former tendency to impose penalties (if, for example, someone paused payments into their fund) did little to inspire widespread confidence. There’s also an out-dated

myth that your pension dies with you, which doesn't help public perceptions."

A subsequent sense of distrust has led many savers to shy away from pensions. Christine notes that when customers consider their wealth, they can sometimes brush over their pension as an afterthought versus other assets. She also comments that poor performance in a pension product can easily be misinterpreted:

"We've noticed that customers who've had a bad experience of a pension product in the past can be inclined to blame the nature of the pension's structure for that negative result. More often than not, it's not the pension – as a 'tax wrapper' – that's at fault, but the performance of the investments behind it. This could be the blend of stocks and shares chosen by their manager, or it could be short-term investment market conditions. It's really important that people understand what's actually in their pension pot, and whether or not it's being managed according to their long-term financial goals and their personal tolerance for risk."

However, **more women than men under 30 have pension savings**

Women 74%
Men 59%



Who is managing your pension?

UK employers are now required by law to contribute to pension savings for their employees, and our survey showed that most people leave these savings in the hands of their workplace pension provider (45%).

The survey also found that men were slightly more likely than women (43% versus 37%) to manage their own pensions, such as via a self-invested personal pension scheme (or SIPP). However, more than half (56%) of those who self-manage their pensions admitted that they did not monitor their retirement savings regularly. Among women who self-manage their pension savings, two thirds (64%) do not check them regularly.

Christine advises keeping a closer eye on your retirement funds: "We would encourage everyone to review their pension savings at regular intervals, and ideally take some advice on long-term financial planning to ensure that what you have is fit for your purposes."

“

We would encourage everyone to review their pension savings at regular intervals, and ideally take some advice on long-term financial planning to ensure that what you have is fit for your purposes. ”

Christine Ross, Head of Private Office (North) & Client Director

How can we close the pension gap?

The disparity in retirement savings between men and women has not happened overnight. Given the complex nature of the issues involved, solving the problem of this pension gap will require more than a quick fix. Hearteningly, there are already signs that things could be turning around for the next generation – in fact, women under 30 in our survey were more likely to have a pension than men of the same age (74% versus 59%).

However, this doesn't solve the gap as it stands today for women who are closer to retirement. As we discussed in the previous chapter, *Turning the tide on women's financial confidence*, we know that access to information and education around pensions needs to be improved, as does women's confidence in financial products. For women who are part of a married (or civil partnered) couple, it's also worth thinking about how family savings and income are distributed, and who has control and oversight of this wealth.

Are there any other practical steps that individuals could take to improve their pension picture? Below, Christine makes some suggestions:

If you're pausing work, consider ways to bridge the gap in your savings

"While pension contributions are now protected by law during maternity leave, during other career breaks you may not qualify to pay as much into your pension savings while gaining tax relief. However, pension rules do allow you to continue paying into a pension up to £3600 a year under current rules. This could be worth considering, if you can afford it. Equally, you could consider building alternative savings elsewhere (such as in an ISA), which you may be able to add to your pension as a lump sum once you return to work. Make sure that you understand both the risks and opportunities involved in these pension choices – your financial adviser should be able to explain these to you."

Top up your workplace pension, if you can safely afford to do so

"It sounds obvious, but the more you pay into your pension (workplace or private), the better the chance that you will accrue a healthier pension pot over the long term. Given the current high cost of living, you should of course think carefully about whether or not you can afford to make additional payments. Some employers will also match the additional contributions you make to your workplace pension, which can supercharge your retirement savings: think of it like a pay rise for your future self, while your present self makes the most of the associated tax relief. We would always recommend taking advice around plans in this area, to ensure that you understand the possible outcomes and processes involved."

Remember that there are alternatives to traditional pensions

"A pension is just money for when you stop working. If you feel uneasy about paying into a formal pension product, there are other ways to consciously save for your retirement. Some savers might prefer to save money into an ISA, which offer tax-free savings. There are lots of types of ISAs, and no form of saving or investment comes without risk, so it's important to take good advice on the right option for you."



The gendered division of labour extends to money matters



Despite the advances we've made as a society, it's been proven time and again that heterosexual couples continue to split many of their joint responsibilities along traditional gender lines. Our Wealth Survey found that this stretches to financial areas too, with women more often responsible for day-to-day money matters, and men typically holding more responsibility for longer-term finances, like investments.

Why is this a problem, and what can we do to rebalance the division when it comes to financial planning?

From traditional gender roles to modern finances

While women's earning power has increased dramatically in recent decades, our survey suggests that the split of financial duties between genders has failed to evolve. Women in our survey typically had greater oversight of domestically-focused financial products, such as household costs (67% of women, versus 51% of men) and utility bills (74% of women, versus 66% of men). Meanwhile, men continued to hold more responsibility for longer-term products, including investments (35% of men, versus 19% of women) and pensions (43% of men, versus 31% of women).

As we discussed in our earlier chapter, *Turning the tide on women's financial confidence*, we know that women have historically been systematically excluded from the financial world. However, they have also been associated with managing households and – by association – household budgets. This could look like financial power in some ways, but it's important to remember that this setup typically involved a male partner providing 'housekeeping' money, thus retaining the overall financial power.

Women need unfiltered access to financial advice and planning

A couple choosing to divide up financial tasks and responsibilities between themselves is not inherently problematic. However, assigning these roles based on gender alone isn't especially advisable. **PK Patel, Head of Wealth Management** at Handelsbanken Wealth & Asset Management, says that his team often sees female customers taking a backseat during financial planning meetings, sometimes explicitly stating that their male partner has superior financial knowledge, despite little evidence of greater expertise.

This is problematic for many reasons. If only one party does the talking when it comes to financial planning, it raises questions about how suitable any subsequent financial advice will be for both parties.

PK is mindful that the person who acts as a couple's spokesperson in a planning meeting is not necessarily only speaking for themselves. Nevertheless, he is acutely aware that hearing from only one voice probably doesn't provide the full story:

"As advisers, we're conscious that the person doing the talking isn't always the one with the most knowledge, and may not even be the key decision maker behind the scenes. We can only guess at the conversations taking place at home, ahead of and following our meetings! But the fact that some female customers do not feel comfortable to speak directly to their financial adviser is still a concern. We want our female customers to be confident in expressing their goals and preferences, and what they do (and don't) understand about their financial plan."

Women typically have greater oversight of domestically-focused financial products

Household costs



Women 67%
Men 51%

Utility bills



Women 74%
Men 66%

Men continue to hold more responsibility for long-term products

Investments



Men 35%
Women 19%

Pensions



Men 43%
Women 31%

“ We’ve found that our female customers tend to be much more concerned about their children’s financial literacy, often looking to invite their older children along to meetings and include them in financial planning sessions. This gives us confidence that we can start the next generation of customers in the right way. ”

PK Patel, Head of Wealth Management

Are things changing for younger generations?

PK believes that younger generations may be changing this picture slightly among Handelsbanken Wealth & Asset Management’s own customer base. For example, in the past, he has noticed a tendency among female customers to think of wealth matters jointly, perhaps more so than their male partners, and suspects that this reflects a history of men being in charge of longer-term financial planning – in other words, a traditional division of labour. However, he notes that younger female customers seem more likely to perceive assets as being individually held, and are more comfortable in speaking out to their financial adviser.

Based on our wider survey of the UK population, though, it’s hard to conclude that things are changing everywhere. Worryingly, according to our results, women under 30 years old are actually twice as likely as women over 30 to believe that they are naturally bad at managing their finances. This is despite the fact that younger generations are more likely to feel that they’ve had a better financial education than older generations.

However, PK believes that it’s also female customers who have the greatest tendency to advocate for the younger generation, giving them the potential to take charge of their own financial future:

“We’ve found that our female customers tend to be much more concerned about their children’s financial literacy, often looking to invite their older children along to meetings and include them in financial planning sessions. This gives us confidence that we can start the next generation of customers in the right way, even as we continue to work on improving things for the current generations.”



Women under 30 are twice as likely as women over 30 to believe that they are naturally bad at managing their finances

How can we move beyond traditionally gendered financial roles?

The issue of gendered financial responsibilities needs addressing in many ways at once. Below, PK summarises some of the areas his team is working on to encourage and empower female customers within Handelsbanken Wealth & Asset Management’s own customer base.

Ensure everyone has a say in their financial plan

“When customers come to us individually, rather than as part of a couple, there is much less room for misunderstanding about their financial goals. We want to make sure that all customers’ voices are clearly heard, no matter their relative financial confidence alongside their partner. When we begin or review our customers’ plans, we’re moving towards an approach of recommending that each customer completes one of our financial questionnaires in their own right (so that we can separately assess their goals and tolerance for taking on risk) as opposed to relying on a joint approach which can often be biased towards one party’s views or opinions.”

Be mindful of your own gender biases

“We all have biases that influence our behaviour, in both our private and professional lives. As wealth advisers, my team and I need to be very conscious about the message we’re giving to our customers, especially those who might be less confident in navigating the financial world. Even seemingly innocuous things, like which person we’re primarily addressing in joint customer meetings, can reinforce traditional gender roles when it comes to money matters. These impressions all add up, and can damage the trust we want to build with customers of all genders.”

Break down the barriers between customers and advisers

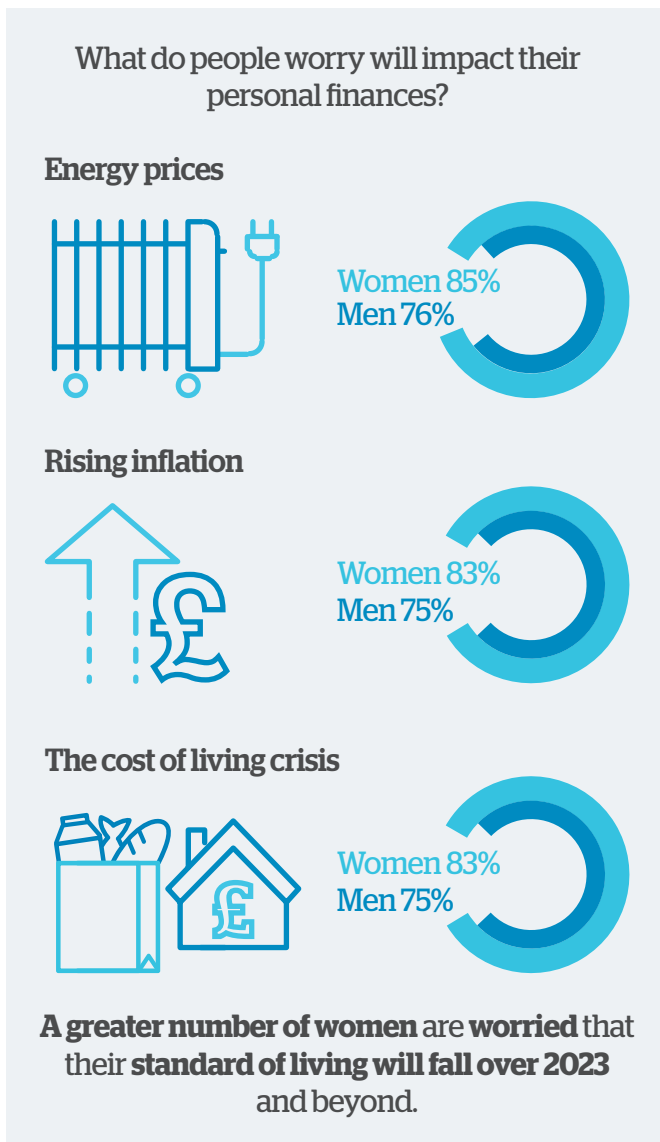
“We are here to guide and support all of our customers, irrespective of their gender or their level of confidence in financial matters. Our team boasts a large number of female client directors, and we hope that this helps our customers to see that financial planning is very much a domain for women too. We want all of our customers to feel empowered to take control of their own financial futures, and to be confident in making decisions for themselves, with good support and advice to help them along the way.”

Are women and men worried about the same financial issues, and the right financial issues?



We all worry about the factors that could lower our financial security or restrict our spending power. Today, with a well-publicised cost of living crisis playing out in the media, it should come as little surprise that our recent Wealth Survey found that people are most worried about inflation, energy prices and the higher cost of living. In keeping with this, our survey discovered that people also plan to spend more time reviewing their finances in 2023 than they did last year.

But are men and women worrying about the same things, to the same extent? And, perhaps more importantly, are these the right things to worry about?



The cost of living crisis is driving money management in 2023

Every month, the average person in the UK spends almost 7 hours reviewing their financial commitments, according to our survey. But this could be set to rise this year, as 61% of people expect to spend more time managing their finances in 2023 than they did in 2022.

These reviews are set to focus primarily on general household costs and utility bills, but bank accounts, credits cards, mortgage and rental costs will also feature. Many reasons were given for this renewed focus on personal money management, but changes in the cost of living and wanting to save money (or find better value for money) were high on the list.

In accordance with this, our survey indicated that energy prices, inflation and the general cost of living crisis are among the general population’s highest current concerns. However, more women than men are worried that their standard of living will fall over 2023 and beyond. **Lydia King, Head of Wealth Planning** at Handelsbanken Wealth & Asset Management, sees some disparity as inevitable:

“It’s no surprise that women are more worried than men about a cost of living crisis. There are lots of reasons why this might be the case, but we would note that financial responsibilities are often still split along gender lines among heterosexual couples, and factors like higher energy and food bills feed directly into rising household costs. Our survey showed that women remain more likely to manage these household budgets, so it’s no surprise that a higher cost of living is keeping them awake at night.”

Men are more likely to worry about divorce...

When it comes to the impact of personal life factors on an individual’s financial picture, our survey found another interesting split along gender lines.

Elsewhere in this report, we’ve already talked about the history of women’s systemic exclusion from the financial system, the historical disparity in earnings between men and women, and the gendered pension gap. We’ve also discussed how lower levels of financial literacy and confidence among women mean that they often stayed away from (or spoken out less in) financial planning discussions.

Meanwhile, our survey showed that men typically spend 1 hour 47 minutes longer than women reviewing their financial commitments every month, with women tellingly spending considerably less time on pensions and investments. It probably should not be surprising, then, to hear that men are more worried than women about the impact divorce would have on their finances, with 23% citing it as a concern.

This isn’t to say that divorce is not concerning to women – 14% do worry about the impact divorce would have on their financial standing.

... women are more likely to worry about their partner’s death

For example, women were typically more worried than men about the impact the death of their partner would have on their financial situation. The reasons behind this are complex.

Every month, the average person in the UK spends almost **7 hours** reviewing their financial commitments



General household costs and bank accounts are the most time consuming areas for review



56 minutes



50 minutes

As we've noted in previous chapters in this report, men tend to have more responsibility for longer-term products like investments and pensions, and women tend to be less financially literate and confident. A resulting lack of exposure to longer-term financial products could be exacerbating the financial worries faced by women when they experience the loss of a partner. Indeed, Lydia believes that much of their underlying anxiety could stem from a lack of understanding about their newfound situation:

"When a partner dies, financial concerns can create an added layer of practical distress at an already devastating time. As a financial planner, I've seen many instances where one individual has no idea of their financial picture when their partner dies. They don't know if they can still afford to go food shopping at their usual place, if they need to sell their home or change their lifestyle, or even what assets they have. The last thing we want a bereaved customer to be thinking about is money, but it is hard to avoid this without good financial planning ahead of time."

In Lydia's experience, women do tend to find themselves facing this dilemma more often than men. According to Lydia, this can result in a very different experience of the financial side of grief:

"Typically, we've found that male customers who've recently lost their partner have a better understanding of their financial situation. For example, if they've retired and are drawing on a private or workplace pension, they generally know that their primary source (and level) of income remains unchanged. They probably also know what investments they have, and where these assets are held. This practical comfort does nothing to alter the level of grief that someone feels at the loss of their partner, but it does mean that the financial side of this loss is significantly less stressful and distracting."

“

As a financial planner, I've seen many instances where one individual has no idea of their financial picture when their partner dies. They don't know if they can still afford to go food shopping at their usual place, if they need to sell their home or change their lifestyle, or even what assets they have. ”

Lydia King, Head of Wealth Planning

What should we be really worried about?

With so many potential worries on the table, it can be hard to know where to focus our efforts when it comes to financial plans. Lydia offers some suggestions from a wealth planning perspective:

Fear is short term, life is long term

"Short-term influences are a huge obstacle to building robust long-term financial plans. When inflation is high, and interest rates are rising, people worry that this will always be the case, and expect to have to build in 10% inflation to their financial plans for the coming 50 years. Similarly, while there are never any guaranteed results in investing, we find that when markets have had a difficult period, customers want to hold on to cash until they recover... rather than putting that cash to work before it loses value through inflation, and while asset prices look relatively cheaper. It doesn't help that media coverage of financial matters is not always well-rounded, and digital algorithms are designed to show you more stories like those you've already clicked on. It's part of our job to help clients understand how to separate short-term fears from long-term priorities."

Plan for a range of scenarios

"As wealth planners, our strength lies in mapping out likely long-term scenarios for our customers, and using these to build financial plans which allow for both consistency and adjustment over time. Customers should expect their adviser to be able to explain the underlying assumptions that have gone into these plans, from economic growth projections to expected personal spending habits. We always project a life expectancy of 100 years for our customers. This isn't just optimism, it's also prudence: we want to make sure your plan is truly life-long! On the other hand, we are also strong proponents of making (and regularly reviewing) your will. By planning for the worst case scenario, you can make things for your partner (or other beneficiaries) simpler financially, when they're facing the worst of times emotionally."

Give the right information, get the right advice

"Being honest and open about your financial situation is imperative if you want to receive the right financial advice. Without this, the advice you're offered could be unsuitable in a huge number of ways. For example, if you have income that you haven't mentioned, then following the advice of your wealth planner could trigger an unexpected tax liability. If you have regular spending that you feel awkward about mentioning, your adviser could underestimate your long-term financial needs. This trust works both ways: your adviser should make you feel confident that being transparent will never result in you being pushed into an uncomfortable course of action."

To find out more, as a Handelsbanken bank customer, please speak to your local branch.
Alternatively, contact us directly at Client Support:
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