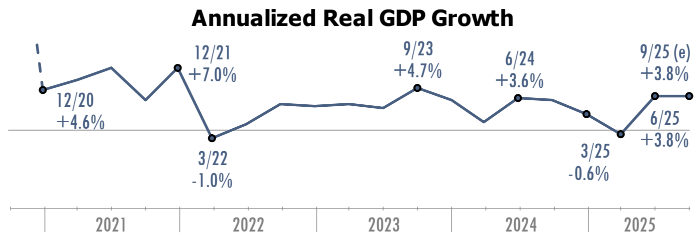
Bellwether
CONSULTING

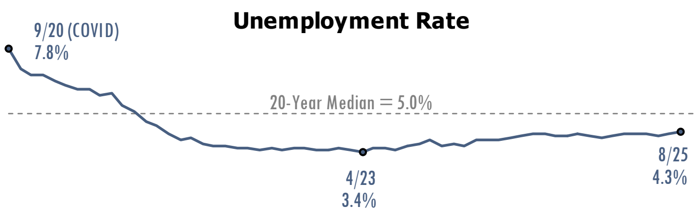
Your Quarterly Update on the Financial Markets
September 30, 2025

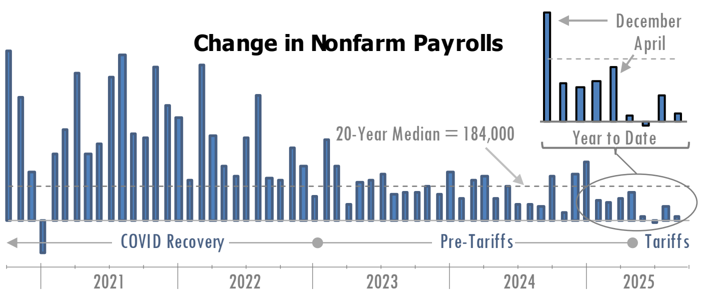
MARKET Recap

The US Economy: "Trading Jobs for Tariffs"

The pace of economic growth was robust in the second quarter and is projected to continue in Q3. In fairness, part of the story is a decrease in imports, due more to a snap-back from acceleration of imports in Q1 to get ahead of tariffs than the direct impact of tariffs. More fundamentally, consumer spending remained strong and was the second largest driver. Investment spending detracted, particularly for real estate.







With steady consumer spending and inflation stuck above the Fed's 2% target level, we entered the quarter anticipating a slow and gradual resumption of rate cuts toward the end of the year. However, the BLS Employment Situation Report for July revealed downward revisions for net new jobs added. The slow pace of job formation continued in August. Unfortunately, the September report is delayed due to the federal budget shutdown, but advance figures from ADP suggest a net loss of 32,000 private sector jobs for September.

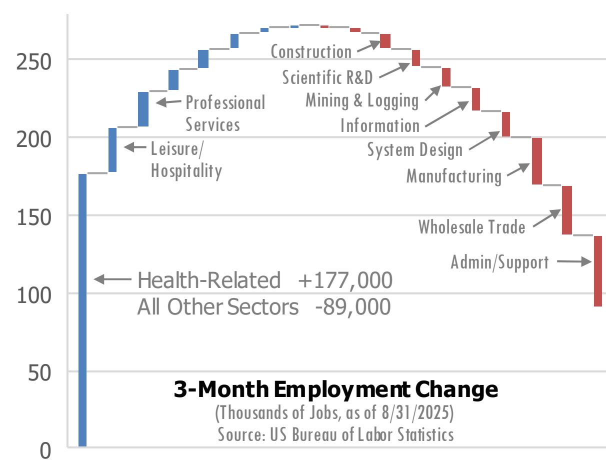
The impact on headline unemployment is somewhat muted as this oft-quoted figure is a lagging indicator. Also, with lower immigration and the tail of the "baby boom" retiring, the economy does not have to create as many new jobs to keep the unemployment rate under control. But payrolls are a more leading indicator of business activity and are concerning due to the direction and the underlying detail.

To the naked eye, there appears to be a relationship between the April mega-tariff announcement and decline in hiring activity. Hiring and layoff decisions are based on business sentiment, which has been decidedly negative since restrictive and highly volatile trade policy has been in place. For corroboration, one only needs to read the September manufacturing and services Reports on Business from the ISM; while the headline purchasing managers indices were only modestly soft, the reports are littered with negative comments from purchasing managers concerning the impact of tariffs.

The composition of hiring activity is as telling as the overall level. For the three months of June through August, health-related employers dominated hiring activity, with leisure & hospitality coming in a distant second. All sectors except health accounted for a combined loss of 89,000 jobs. Healthcare and hospitality are less exposed to tariffs compared to many other sectors.

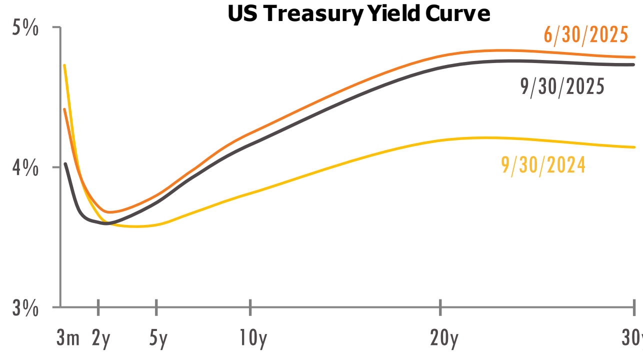
Ultimately, tariffs must appear either in prices (inflation) or corporate earnings – that is a simple mathematical fact. While consumer price inflation appears to be somewhat stuck in the upper 2's to lower 3"s, we have not yet seen a surge in retail prices due to tariffs. Further, consumers have not yet curtailed their spending activity. For now, corporations seem to be tightening their belts in anticipation of an "earnings recession" as opposed to an outright economic recession.

Will the Fed cut rates more quickly in response? Likely yes, on the margin. However, loose money is not an antidote to restrictive trade policy, and both are inflationary. We think the jobs outlook must get significantly worse for the Fed to really change gears.



The US Bond Market

The third quarter provided a welcome respite from volatility and time for investors to absorb the impact of Q2's sweeping changes to economic and fiscal policy. The ever-looming threat of recession continues to impute lower short-term rates as bond investors simultaneously remain alert for a potential resurgence of inflation.



September marked the end of the Fed's wait-and-see pause in rate cuts. In public commentary, Fed officials signaled that they viewed the tariff-induced inflation as likely transitory, while softer labor market and business investment data are becoming greater concerns. The first of several anticipated 25 bps cuts mirrors last year's reductions in September, November, and December at consecutive FOMC meetings. Fed Funds futures are pricing in 25 bps trims in November and December this year, and then a pause before further cuts take the policy rate near 3% by year-end 2026.

US Bond Index Returns	
Bloomberg Idx	**3Q25**
Aggregate	2.03%
Short Gov't	1.13%
Interm. Gov't	1.26%
Long Gov't	2.49%
TIPS	2.10%
Municipal	3.00%
Interm. Credit	1.98%
Long Credit	3.88%
High Yield	2.54%
Leveraged Loan	1.61%
MBS	2.43%

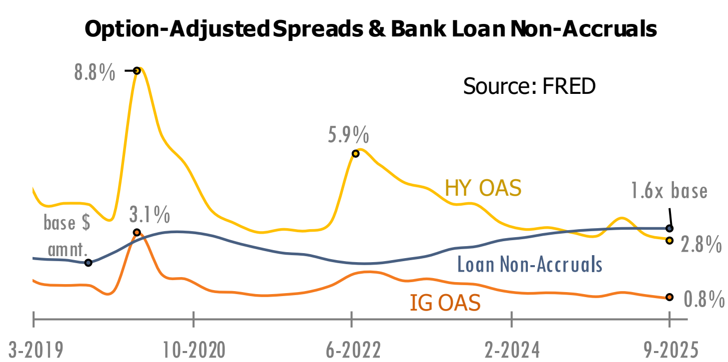
Aside from a shift lower in near-term rates as cuts ensue, Treasury yields were little changed quarter-over-quarter. Most key rates found new levels of resistance and support. For example, the 10-year Treasury bounced between 4.0% and 4.5%, approximately. While the curve is visibly steeper than one year ago, the slope is more-or-less in line with the historical average by account of the 10-year over 2-year spread.

The modest decline in Treasury yields supported healthy returns across all major US bond indices. A concurrent narrowing of credit spreads provided an extra boost to lower credit quality debt. Long duration credit led other bond sectors, though municipal bonds made a notable rebound, erasing the only red mark on the list year-to-date.

Corporate bond issuance slowed considerably as economic uncertainty pervaded in June and July. However, auctions were well-received by the market and set the stage for a surge of new corporate bonds in September. More than two dozen companies came to market immediately after Labor Day, led by Oracle's $18 billion transaction. This helped push the total monthly supply to $203 billion for investment grade and $57 billion for high yield (plus a hefty $23 billion in convertible bonds), one of the highest totals on record.

Despite the heavy issuance, the ICE BofA Investment-Grade Corporate Index OAS posted a new 28-year historical low at close of 74 bps (a few bps below the previous trough last November). High yield spreads also compressed and remained resilient through the bump in new supply, but remained about 10 bps above recent lows.

Strong demand from bond ETFs and other sources continues to readily absorb the new supply. Industry data show steady inflows through the quarter, with taxable-bond and investment-grade credit ETFs posting some of their largest gains of the year in September. Those inflows appear to be providing more than enough liquidity to dealers distributing new deals and are offering firm support for spreads even as supply increases.



While the US credit market is not in a pristine state, default events are trending flat, near the 5-year historical average. Interest coverage ratios (cash flows available for debt payments) also align with historical averages. However, some cracks in credit have appeared. Consumer loan data is softening and, in particular, credit card debt non-accruals are on the rise.

Credit ratings agency Fitch reports a healthy 3.0% high yield default rate. However, leveraged loan defaults have been above 5.0%. In private credit, defaults have been concentrated within the low end of market size (considered to be companies with < $25 mm in EBITDA) and are running around twice the rate for private loans to larger companies. Fitch sees default rates climbing by year end, up to as much as 6.0% in leveraged loans and 5.0% in high yield.

The US Stock Market

US Stock Indices - Total Returns			
Largecaps	**3Q25**	**Midcaps**	**3Q25**
S&P 500	8.12%	S&P Midcap 400	5.55%
Russell 1000	7.99%	Russell Midcap	5.33%
Growth	10.51%	Growth	2.78%
Value	5.33%	Value	6.18%
Broad Markets		**Smallcaps**	
S&P 1500	8.01%	S&P Smallcap 600	9.11%
Russell 3000	8.18%	Russell 2000	12.39%
Growth	10.41%	Growth	12.19%
Value	5.63%	Value	12.60%

Building on momentum from Q2, the US stock market posted a strong quarter. Sustained enthusiasm around anything AI-related, robust corporate earnings growth, and the much-anticipated September interest rate cut by the Fed supported performance. All major benchmark indices had positive returns as lingering uncertainties (e.g., tariffs and trade wars, inflation, labor and housing markets data, a looming government shutdown) were shrugged off by investors, and year-to-date returns ended solidly in the black. The Dow Jones Industrial Average closed Q3 on a record high. The S&P 500 and Nasdaq each had their best September since 2010 [Dow Jones Market Data].

Growth continued to outperform value in large caps, but only by one third the margin in Q2. In small caps, the margin was even less, and midcaps saw a rotation back to value. The anomaly was driven by outsized performance in telecom, traditionally associated with value investing. Continued expansion of 5G networks, demand for data center capacity, and AI integration all benefitted telecom companies over the quarter.

New Memes	Trailing Returns 3 m	YTD	Mkt Cap ($ B)
Krispy Kreme (DNUT)	33.0%	-60.3%	0.6
Opendoor Tech (OPEN)	1395.3%	398.1%	6.0
Rocket Companies (RKT)	36.7%	79.2%	50.1
Kohl's Corp (KSS)	82.7%	12.1%	1.9
Old Memes			
Bed Bath & Beyond (BBBY)	42.3%	98.6%	0.7
Ocugen Inc (OCGN)	68.0%	102.5%	0.6
Tilray Inc (TLRY)	317.5%	30.1%	1.8
FuboTV (FUBO)	7.5%	229.4%	1.4

Periods ending 9/30/2025 Source: Morningstar

Size mattered in Q3. Aside from selected Magnificent 7 names and mega-cap AI plays, small caps were the place to find the best returns. Performance in micro caps was even better as the Russell Microcap Index returned over 17% for the quarter. With their higher debt levels and reliance on floating rate credit for growth, small-cap companies experienced a stronger tailwind than their larger peers from the cheaper access to capital signaled by the Fed's rate cut.

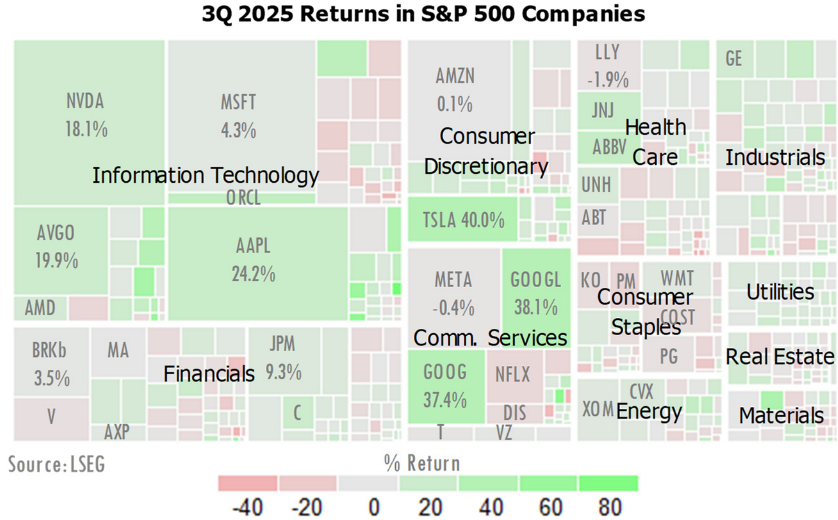
The summer saw a boom in meme stocks that echoed 2021. The newest names are referred to as the "DORK" stocks, based on their tickers. In 2021, the phenomenon presented a particular challenge for the majority of small-cap managers reluctant to invest at market weight. As trading activity drove up prices and, by extension, market caps, the outsized returns in these stocks had a notable impact on the performance of the Russell 2000 index that became impossible to match without holding meaningful positions. Although meme-driven frothiness may not impact the wider market, investors in actively-managed small-cap funds may need to maintain a weather eye.

S&P 500 Sector Components - Total Returns			
Sector	**3Q25**	**Sector**	**3Q25**
Info Tech	13.19%	Health Care	3.76%
Comm Services	12.04%	Financials	3.22%
Consumer Discr	9.54%	Materials	3.10%
Utilities	7.57%	Real Estate	2.59%
Energy	6.21%	Consumer Stpls	-2.36%
Industrials	5.02%		

While dispersion across market sectors was cut in half, returns across the Magnificent 7 varied dramatically, from 40.0% for Tesla to -0.4% for Meta Platforms. Alphabet, Apple and NVIDIA also outperformed (and drove) the broader market, returning 38.1%, 24.2%, and 18.1%, respectively. The Mag 7 now comprises 36% of the US stock market, further concentrating passive strategies and intensifying the impact of over- and underweights by active managers.

Concerns about the concentration in the US stock market extends beyond the Mag 7. Increasingly, analysts are noting the risks associated with the market's hyper-focus on the AI theme, citing the interconnections across the larger players and the potential constraints and threats to the AI juggernaut. Even so, the next wave of companies riding the AI boom continues to take shape. Broadcom, Oracle, and Palantir Technologies have each experienced sizable market cap gains to date in 2025, and all three posted Q3 returns that exceeded NVIDIA's.

3Q 2025 Returns in S&P 500 Companies



International Markets

Global Markets continued to perform well, showing resilience in the face of continued uncertainty related to geopolitical events, US trade policy and a global economic slowdown. Developed European markets rose modestly on a pause in ECB rate cuts and a strengthening euro. Although performance was regionally mixed, emerging markets outperformed their developed market peers, continuing to show strength driven by optimism around a weakening dollar and potential US rate cuts.

Unhedged Foreign Markets Indices - Total Returns			
MSCI Stocks	**3Q25**	**Bloomberg Bonds**	**3Q25**
ACWI ex-US	6.89%	Global Aggregate	0.60%
EAFE (Developed)	4.77%	Pan-Euro	0.00%
Emerging Markets	10.64%	Asian-Pacific	-1.53%
Europe	3.62%	Eurodollar	2.07%
Japan	8.02%	Other Currencies	5.54%
China	20.70%		
Latin America	10.18%		

Asia

Chinese equities rallied strongly over the summer, with the MSCI China Index reaching its highest level since February 2021, rising by 20.7% during the third quarter and by 41.6% YTD. The rally has been driven by a combination of strong earnings in technology and semiconductor companies, investor enthusiasm around artificial intelligence, and Beijing's measures to reduce price wars and overcapacity in key industries. Individual investors have also rotated money out of savings accounts and deposited it into equities, providing further support. Easing trade tensions and policy signals reinforced the risk-on mood, helping extend momentum.

This stock market strength stands in contrast to a string of weaker economic indicators during the third quarter. July data, which showed broad-based slowing, further weakened in August: retail sales growth slipped to 3.4% from 4.8% at the end of the second quarter. Industrial production moderated to 5.2% from the 2nd quarter's 6.8%, and both manufacturing and non-manufacturing PMIs declined. The jobless rate kept rising to 5.3% as new graduates entered the labor market, while the property sector remained a significant drag with falling prices and shrinking construction. As trade tensions eased, exports grew by 7.2% in July but again moderated in August, increasing only by 4.4%. GDP growth declined to 5.3% year-on-year in the second quarter, down from 5.4% in Q1, reflecting softening domestic demand and lingering pressure from US tariffs.

The divergence underscores how equity markets are being buoyed by investor liquidity, sector-specific earnings strength, and policy support, even as the real economy faces headwinds. With external demand set to weaken as US import frontloading subsides, Beijing will likely need to do more to stimulate domestic consumption. So far, however, stimulus measures have been modest, centered on consumer loans, family support policies, and targeted subsidies, while top leaders have avoided large-scale easing.

The Bank of Japan (BoJ) surprised markets in Q3 as the policy board voted to begin unwinding ¥335 billion ($2.4 B) annually in exchange-traded funds (ETFs) and Japanese real estate investment trusts. The announcement initially triggered a sell-off in equities, but markets rebounded with the Nikkei 225 Index rising 11% in Q3. The pace of sales was deliberately calculated to minimize market disruption. BoJ governor Kazuo Ueda remarked that, at the current pace, it would take more than 100 years to sell off all of the ETFs held by the bank. The BoJ started purchasing ETFs in 2010 as part of its aggressive monetary easing program to combat deflation.

The MSCI Japan Index rose 8.3% for the quarter, supported by foreign investment inflows and upward revisions in corporate earnings. Governance reforms including share buybacks, dividends, and disposal of non-core assets boosted investor confidence. Additionally, a better-than-expected US trade deal and reduced tariff rates helped stabilize export-sensitive sectors, further supporting market performance.

Japanese inflation slowed to 2.7% in August, but remained above the BoJ's 2% target. Sanae Takaichi, Japan's newly elected (and first female) prime minister, will be focused on addressing rising prices to restore support for the struggling Liberal Democratic Party. In addition, she will look to strengthening the US-Japan alliance while expanding partnerships with other Pacific economies in South Korea, Australia and the Philippines.

Europe

European market performance was muted versus other developed markets in Q3 amid heightened volatility, with business activity peaking in August before slowing in September due to US tariff uncertainty and domestic political tensions. Inflation remained elevated. German core inflation surprised to the upside, prompting the ECB to hold rates steady after a 25 bp cut in June. Eurozone price growth reached 2.3% for the quarter, slightly above target, driven by slower energy cost declines and modest gains in core sectors like services and apparel. Country-level inflation rose across Germany, France, Spain, and Italy. Even so, the ECB views current inflation pressures as transitory, projecting a decline to 1.7% in 2026 primarily due to moderating core inflation and diminishing wage pressures.

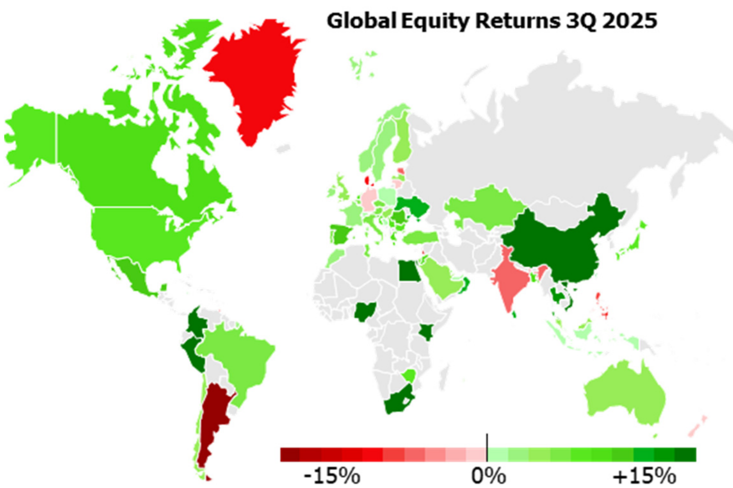
Eurozone Core Inflation Trends

	July '25	Aug. '25	Sept. '25
Germany	2.1	2.2	**2.4** ▲
France	0.8	0.9	**1.1** ▲
Spain	2.7	2.8	**3.0** ▲
Italy	1.6	1.7	**1.8** ▲
ECB Target	2.0	2.0	2.0

Source: Eurostat, ECB

The MSCI Germany Index fell -1.1% in USD terms, primarily due to euro depreciation and broader exposure to underperforming sectors like financials, telecom, and energy. The German economy contracted by 0.1% in Q2 and this weakness was expected to extend into Q3. In contrast, Germany's equity market, the DAX, rose 2.7%, supported by global revenue diversification, a weaker euro, and an accommodative ECB stance. Over 80% of DAX-listed companies generate revenue internationally, insulating them from domestic macro challenges. In the face of rising domestic services inflation driven by rigid labor markets, export competitiveness remained intact. Manufacturing and technology stocks outperformed, while automotive names faced pressure from US tariffs and weak Chinese demand.

Despite ongoing political instability, the MSCI France Index rose 2.99%. The economy grew marginally faster than previous projections, rising 0.3% versus a forecasted 0.1% rate, as rebounds in the aeronautics, tourism, real estate and agricultural sectors offset weak consumer spending and overall business sentiment. Government spending and an increase in inventories also contributed in the quarter.



In July, the EU struck a tentative trade agreement with the US, introducing a 15% baseline tariff on EU imports to the US. This includes automobiles and auto parts where the rate was capped at 15%. The baseline is significantly above the 1.2% average rate on EU exports in 2024, raising concerns about European competitiveness. Selected products, such as aircraft and generic pharmaceuticals, will revert to pre-2025 tariff rates, effectively becoming tariff-free. However, tariffs on steel, aluminum and copper imports from the EU remain elevated at 50%. As part of the deal, The EU committed to substantial financial and energy-related investment: European firms expected to invest an additional $600 billion in the US, while the EU also intends to procure $750 B in US energy products including LNG, crude oil and nuclear technology by 2028.

Americas

Canadian equities gained 10.4% in Q3 (USD), led by materials on record gold prices and by technology strength. Energy lagged as oil prices softened. The Bank of Canada cut rates 25 bps to 2.50%, pulling yields lower; the 10-year ended near 3.2%. The Canadian dollar weakened to about $0.72 USD. Inflation eased to 1.9% in August, while GDP and labor data signaled weakness beneath the equity rally.

Latin American equities rose in Q3 with the MSCI EM Latin America Index rising by 10.31%. Financials, materials, and staples led, reflecting heavy weights in banks, miners, and consumer stocks. Inflation eased but growth stayed weak, and fiscal strains persisted as currencies slipped against the US dollar.

The MSCI Brazil Index gained 7.9%, lifted by financial and materials companies. Inflation eased, with year-end forecasts calling for inflation to close at 4.8%, falling to 3.7% in 2026. While inflation eased, it continued to run above the central bank's target of 3.0%. The real strengthened vs. the US dollar, with foreign investors continuing to inject capital into Brazilian companies. While performance was positive, Q3 showed signs of an economic slowdown with consumers tightening their purse strings and retail sales and consumer confidence falling.

Elsewhere in Latin America, the MSCI Mexico Index returned 13.2%, supported by staples, financials, and telecom names closely tied to US trade. Argentina showed fragile growth but drew attention as the US opened talks on a $20 billion swap line to steady the peso alongside IMF support. Chile and Colombia posted modest gains, while Peru reached new highs with stable inflation.

Focus On: Closing the Gender Gap in Retirement Readiness

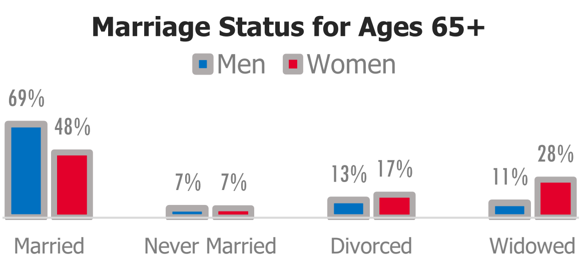
When Social Security was built, its rules assumed a single breadwinner and a dependent spouse. Spousal benefits were patched in later, but the blueprint lingered. Built to reward uninterrupted earners, it quietly penalized detours. The system kept its shape, even as the people it served changed. What worked perfectly for a mid-century household works unevenly today. Simply put, the system was never built for the people it now serves.

Retirement doesn't create a gender gap; it reveals it. Every missed raise, every short break, every half-credited year echoes decades later in the balance. By the time retirement begins, the math is mostly decided. On paper the system looks equal, with the same percentages and the same plan rules, yet outcomes diverge. Fewer working years and smaller paychecks become smaller balances, and longer lives add to the burden on these smaller balances. Confidence mirrors this: on average, 58% of women expect to retire comfortably, vs. 71% men.

The mechanics behind this gap are knowable: wages that still trail, time-in-work that runs shorter, caregiving interruptions, conservative allocations, longevity. Each adds weight to the same side of the scale. Yet many of these headwinds can be reduced through plan design improvements. The work, then, is practical; adjust plan features, communicate choices, and target education to lower decision load, reflect in moments that matter, and make progress measurable. The aim is simple, let design do more of the work so outcomes converge without requiring participants to become experts.

Doing More for Less

Averages inform policy, but individuals live the results. The gap begins upstream in earnings and time spent on the job. On average, women earn about 85 cents on the dollar versus men. Even in comparable roles, the gap remains near 10%. This headwind is compounded by fewer paid hours. Career interruptions and shorter workweeks add up to about 3.5 years fewer of paid work over the average woman's lifetime. This affects take-home pay, retirement plan contributions, and employer match. Much of this visible shortfall traces back to caregiving.

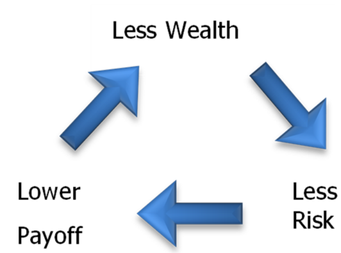


Transamerica reports that 84% of women who become caregivers make work related adjustments, including reducing their hours, missing days of work, and (in 11% of the cases) quitting their job entirely. Missed wages and contributions slow compounding. The sacrifice in missed promotions and other career opportunities is more difficult to measure. According to National Bureau of Economic Research, a first child carries a long-run earnings penalty of about 23% for women (men average a slight bump in earnings).

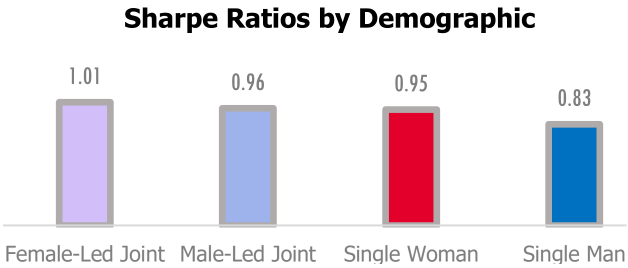
It's not just childcare. The impact of elder care, divorce, and widowhood also fall more heavily on women. Women who divorce at ages 50 and older (the gray divorce) experience a decline of about 45% in their standard of living, as measured by their income-to-poverty ratio; men experience a decline of only 21% in their standard of living. Older men also remarry more often than same-age female divorcees. This means fewer chances to rebuild or to share the financial burden of fixed costs. For men, the burden is often reported as primarily emotional. It is an emotional burden for most women too, but the added financial stress is cited more frequently as the greatest hardship.

Getting Little from Less

If only that were the limit of challenges women disproportionately face in securing their financial futures. Pensions, annuities, and insurance tend to be tied to the breadwinner. In a dual-gender marriage, that tend to favors the higher earner, more typically the man. Separation, divorce, or death can also lead to a surprise shortfall in benefits. Without the breadwinner around to work a few more years, reduced or non-existent spousal benefits can derail retirement.



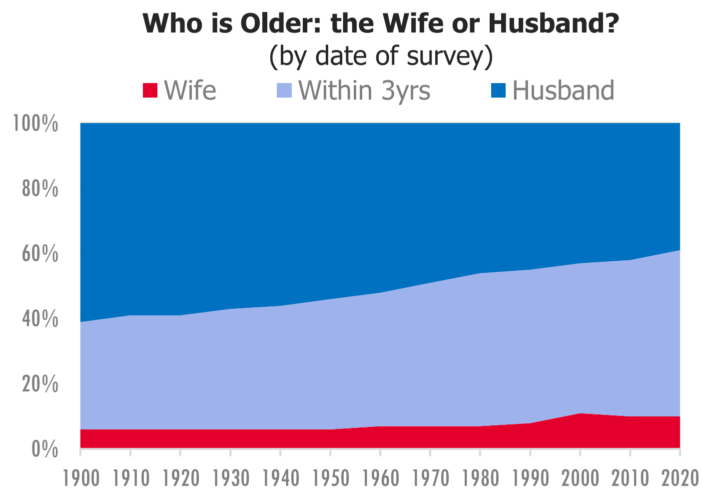
Many participants face an uphill struggle to save for retirement. Women, in particular, can face a steeper and more slippery slope. Having less wealth and financial autonomy can feed a mentality of scarcity. Without the feeling of financial security, it can be difficult to dial up portfolio risk to an optimal level. Women also tend to invest less in stocks and more conservatively overall. This creates a feedback loop: lower risk, lower payoff, less wealth, and even lower risk.



But there is some hope. Evidence from Wells Fargo and other sources shows that women are more objective, less biased, and more profitable investors than men. If women were to allocate their portfolios to target a similar level of risk as their male counterparts, they would outperform their male counterparts by about 1% per year, with an even larger edge on a risk-adjusted basis. There are many reasons behind this investment performance differential. Women react less to short-term market movements, respond more rationally, are often more fee-aware, and diversify more. Another important factor is that women are also far less prone to overconfident risk taking. Over three or four decades, that advantage could compound meaningfully. Plan design can help participants right-size allocations.

Making the Less Last

Statistically, women live longer. While that's good news for catching up on an extensive reading list, it's just one more burden to overcome in retirement. At age 65, a woman has a life expectancy two and a half years longer than a man of the same age. That means women need, on average, 2.5 years' worth of additional savings. Yet a longer lifespan does not come with a longer period for earning and saving. In contrast, women tend to retire two or three years earlier than men, often in sync with an older husband. This means a shorter saving window and a longer drawdown.

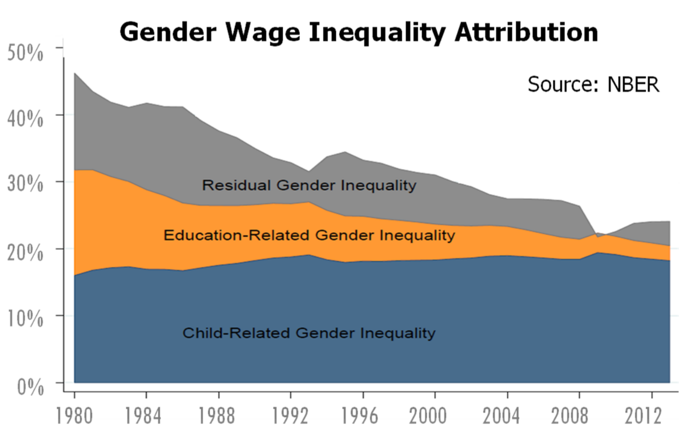


The challenge grows sharper. Thanks to biology, women face much higher rates of disability after age 65 from ailments including (but not limited to) rheumatoid arthritis, dementia, stroke, multiple sclerosis, and bone fractures. Savings need to last longer, cover higher anticipated healthcare and long-term care costs, and make up for less flexibility and opportunity to resume gainful employment.

Finding More

If the numbers feel lopsided, it's by design. Most benefits are tied to jobs. The scaffolding for this system is structured to reward uninterrupted earners and quietly penalize the rest. The average difference in retirement income between men and women is around 32.6%. While plan sponsors can't redesign the US economy, they can rethink their own retirement plan design. Sponsors may examine how these headwinds impact their specific participants to determine whether current policies compound these adverse forces or relieve them.

While there are enormous hurdles to overcome, there has already been huge progress in closing the gap and good reason to believe much more is within reach. Recent NBER work attributes the gender wage inequality to child-related effects, education-related effects, and a residual that is not explained by either; only the first appears likely to persist.



In recent years, women earned 57% of the doctoral degrees and 63% of the master's degrees awarded in the US. Moreover, men and women are more frequently balancing caregiving responsibilities more equitably, though this shift has been too gradual and recent to see much visible progress in the numbers from NBER.

Improving Wage Parity & Work-Life Balance

Outcomes improve when design carries more of the load. Upstream, income sets the pace, and parity reviews can narrow a gap that compounds for decades. Where interruptions have already occurred, designs that allow a temporary high-deferral window and a make-up match after a caregiving break can fill in for missed contributions.

Culture further makes the difference when caregiving is shared: equal, encouraged paternity leave and flexible or remote options reduce the hours gap that accumulates over time. A scheduled "leave-to-save" bounce-back six months after any caregiving break turns intention into executed contributions. While plan sponsors may lack the power to single-handedly reform company culture or ensure gender wage parity, plan fiduciaries are often positioned in a crosscurrent of information with a high-level view of benefits and management that makes them effective decision-makers and advocates.

Wages	Review for **parity** and allow **catch-ups**
Asset Allocations	Target with **communication** and **education**
Lifespans	Consider **annuity windows** and **HSAs**
Dependents	Encourage shared **caregiving**
Retirement Benefits	Offer **spousal benefits** on pension/annuities
Vested Contributions	Rethink **vesting** and evaluate **auto-escalate**

Educating on Allocations

Solving every gender disparity isn't a realistic or practical objective. Some of the problems highlighted in this article may not affect your participants and attempting to fix problems that don't exist is counterproductive. However, it can be easy to dismiss some of these problems.

"The Gender Gap in Stock Market Participation: Evidence from Stock Gifting" analyzed the data of people giving stock gift cards. The question: Do women invest less because they lack interest or because they lack encouragement?

The data revealed a pattern: women received only about 38% of the gift cards. In communities with more traditional gender norms (measured by income, education, and labor-force patterns) the gap was larger. The disparity also showed up in size: women's gifts were smaller by about 21%. Women did receive significantly less encouragement.

Follow-through in upping this encouragement revealed deeper story. One year after the first purchases, about 90% of the accounts were still open, and persistence was slightly stronger in women than in men. 91% of women remained invested, vs. 89% of men. The inference is straightforward. When the invitation is equal, participation and staying power converge. And when women do get the nudge, they persist. The data reinforces what experience suggests. Women do appreciate and, equally importantly, accept help when it is offered. In practice, this points toward normalizing investing conversations. Education programs can play a huge role too. Short, approachable learning modules that help women understand the importance of investing for long-term growth without being overwhelmed by complexity can be effective.

Designing for Longevity Risk and Career Interruptions

Plan designs can counterbalance some of the negative effects that women face. Access to annuity windows, or a simple path to competitive quotes, allows part of the balance to be "pensionized" into predictable income. Health Savings Accounts (HSAs), when positioned as long-term vehicles rather than just short-term spending accounts, can prefund the higher medical costs women disproportionately face. Defaults that preserve spousal or survivor income, unless deliberately opted out, reduce the risk of unavoidable cliff after losses.

Work interruptions carry through to retirement. Long vesting schedules penalize careers that bend for caregiving, while shorter vesting keeps more employer dollars in the account. Auto-escalation can help boost contribution rates for more recent hires. Small mechanics like these cannot erase the longevity gap, but they can tilt the balance back toward parity by letting design do more of the work.

Bringing it together

People tend to think of retirement outcomes in terms of a homogenous population of participants. A balance is a balance; a benefit is a benefit. But one layer beneath the averages lay stark differences. Closing the gender gap is not just a matter of fairness towards women. It is about building stronger plans through higher retention, deeper engagement, and broader financial wellness. Retirement readiness sits on shared ground, across employers who set the design, employees who take part, and advisors who guide the way. The retirement gap narrows not by chance, but by design.

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