

Closing the gender ISA gap

Helping women feel good, investing

Foreword

By Baroness Helena Morrissey

When it comes to women's financial independence, investing plays a critical role. Yet, despite the growing awareness of the importance of investing, there remains a stark gap between men and women when it comes to stocks and shares ISAs. This report sheds light on the £6.6bn gender ISA gap.

The good news? Women are actively saving and making thoughtful financial choices. This report uncovers the key reasons behind that hesitation to start investing their savings – ranging from a lack of confidence and excessive jargon to career breaks and family responsibilities that disproportionately fall on women's shoulders.

Encouragingly, when women do invest, they are strategic, engaged, and, in 2024 on AJ Bell's platform, even outpacing men in average ISA contributions each month. The challenge now is to ensure more women take that first step toward investing.

This isn't just an individual issue – it's an industry and societal one. Wealthier women will be more financially independent and face more secure futures. Financial services must do more to make investing accessible, intuitive and jargon-free. Policymakers must simplify ISA structures and allow the industry to give new investors more support. And as individuals, we must recognise that investing is for any of us looking to build long-term financial security, not just men in pin-stripe suits.

Closing the gender ISA gap could unlock billions in potential wealth for women across the UK. This report by AJ Bell Money Matters provides not just the data but the solutions we need to ensure more women feel confident and empowered to invest in their future.

It's time to turn awareness into action.

Helena



Women are saving – but not always investing

When it comes to ISAs, women are ahead of men in one key area: cash savings. There are around a million more women with cash ISAs than men, which shows they understand the importance of putting money aside. But when it comes to investing, the picture flips – men have nearly 500,000 more stocks and shares ISAs than women.

This matters because, on average, men's ISAs are worth **£3,000 more** than women's according to HMRC data. Overall, that's a gender ISA gap of £6.6bn in total.

But there's good news: in 2024, women using the AJ Bell platform to invest in stocks and shares ISAs have been **putting in higher average ISA contributions every single month** than men. That means women are actively budgeting and planning for their financial future. It highlights that once women start investing, they are engaged and putting more away than men. We just need to get more women to make the move to investing.



At AJ Bell, we believe investing should feel good, not scary.

AJ Bell Money Matters is our way of helping overcome barriers along the way, whether that be natural barriers such as a career break to start a family, lower disposable income levels or, put bluntly, the perception that investing isn't for them.

We want more women to feel included, to feel able to access information that's targeted at them and ultimately, to feel good when taking their first step into investing – because it is a step, not a leap.

Created for women by women, AJ Bell Money Matters' mission is to help women feel good, investing.

The Money Matters team



Women take an early lead

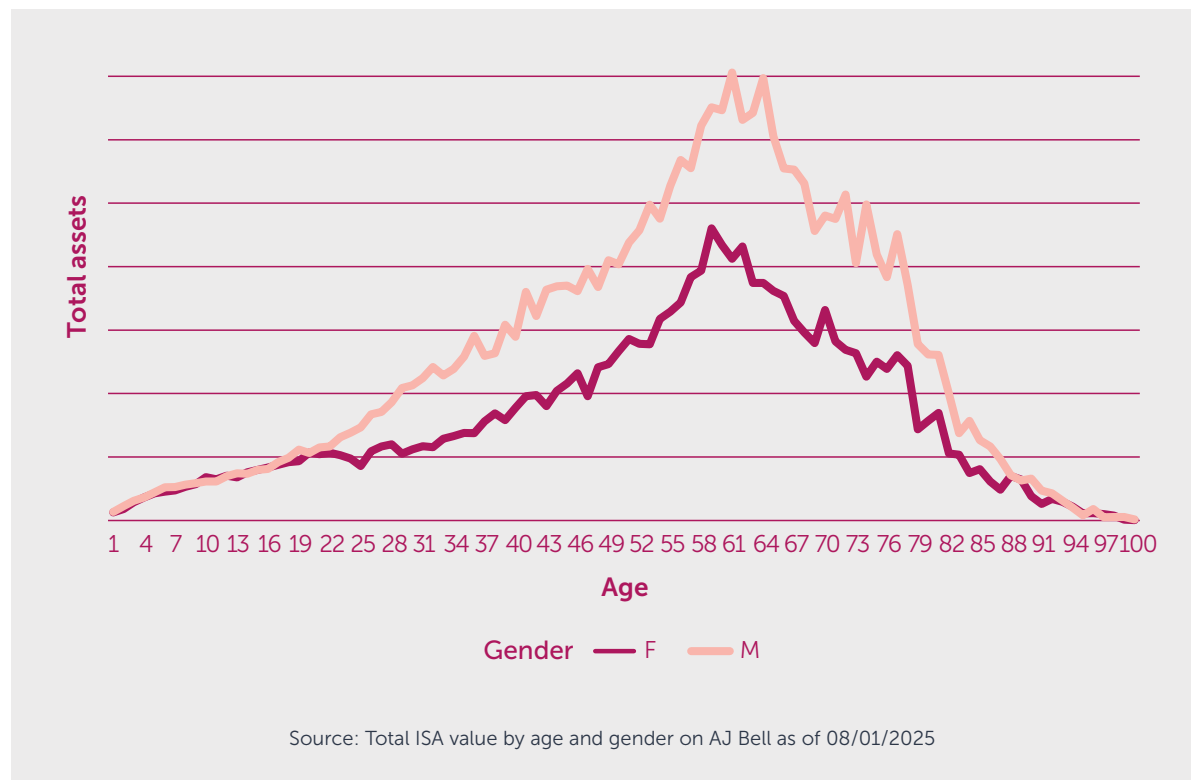
Women on **average actually have slightly higher stocks and shares ISA balances** than men during their formative years. On the AJ Bell platform, this includes when girls have Junior ISAs from 13 until the accounts mature at 18, and the pattern broadly continues up to age 28.

When women invest, they're doing so at similar values to men at the start of their financial lives; the huge difference driving the gender ISA gap is the sheer quantity of men opening and subscribing to stocks and shares ISAs in comparison to women, who mainly save in cash ISAs.



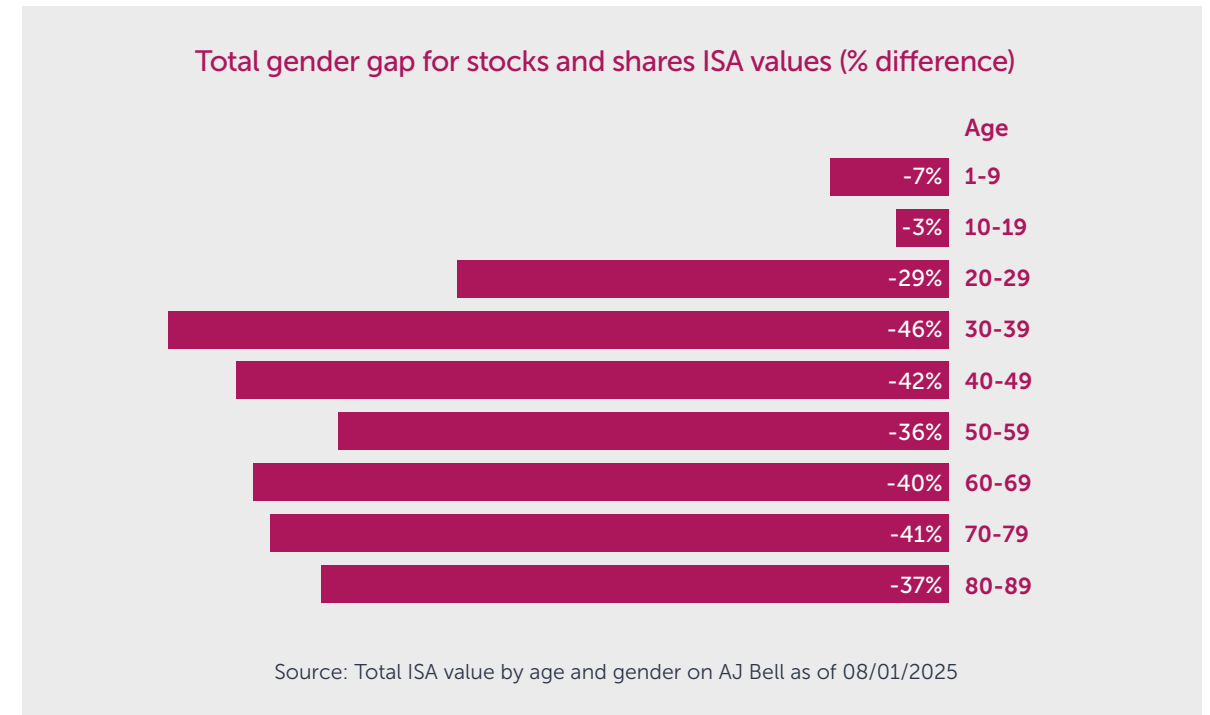
The gender ISA gap: when does it start?

The **gender ISA gap seriously begins at age 21**, when men start opening and funding stocks and shares ISAs in much greater numbers than women, according to AJ Bell data.



The peak decade for the gender gap is undoubtedly the thirties where the total ISA gap hits **46%**. As the most common age for women to give birth in the UK is 31, it's no surprise to see that investments are one of the first financial casualties, with additional costs, career breaks and part-time working often coming hand-in-hand with motherhood. Plus this is the decade when many people get married and buy their first homes, further squeezing wallets.

Unsurprisingly, the gap continues **later in life**, as the cumulative impact of years of investment growth puts the rockets under men's wealth, while female wealth trails behind.



Over time even small differences in earnings, investment habits, and financial decisions can add up in a big way. If men, on average, tend to take more risks and invest more aggressively, they have the potential to see higher returns over the years – especially in strong markets, which is why we're seeing wide averages in mid and later life that swing in favour of men's ISAs.

Meanwhile, if women are generally more cautious, keeping more of their money in cash or lower-risk investments, their growth potential is likely to be lower. This isn't necessarily a bad thing, as conservative strategies can help protect wealth during downturns, but it means their investments might not grow as quickly over decades.

These patterns also tie into lifetime earnings. If men earn more on average, due to factors like pay gaps, career choices, or longer working years, they have more money to invest in the first place. Combine that with higher risk tolerance, and their wealth could grow at a far faster pace. On the flip side, if women earn less, take career breaks for caregiving, or invest more conservatively, their financial trajectory may be different, leading to the wider wealth gap in later years that we can see in the figures above.



How men and women invest differently

Despite the barriers, 80% of female AJ Bell customers who are already investing say they plan to **invest the same or more** than last year. However, men are still more active traders, making **12 trades per year compared to 9** for women. While trading less might appear like women are less engaged, they may also be fiddling less with their portfolio – and it means they are saving on fees.

We drilled down into the investments that AJ Bell customers are interested in investing in over the next 12 months, and women and men have different investment preferences:

- 📍 Women prefer global markets first, then the US, then the UK.
- 📍 Men flip this order, prioritising UK markets over global ones

Men tend to be more optimistic about the stock market, expecting up to a 10% rise in 2025, while women think it'll stay flat. This likely comes down to risk tolerance – men are generally more willing to take risks, while women tend to be more cautious. This showed when we reviewed the gender split of the AJ Bell risk-based funds.

What's stopping more women from investing?

It turns out that men and women feel quite differently about investing. From AJ Bell research, when men were asked how investing makes them feel, the top words they used were in control, optimistic, secure and confident.

Women also said they feel in control and optimistic, but they were far **more likely to say they feel nervous** about investing. That hesitation can make a big difference.

“I feel like I'm overwhelmed with the information.”

So, what actually pushes women to start investing?

- ✔ **Life milestones**
(having kids, planning for retirement, becoming financially independent)
- ✔ **External triggers**
(lump sum payments, low interest rates, word of mouth)

“It's the jargon. I don't understand it and I just give up because I don't want to start Googling the jargon.”

And what holds them back?

- ✘ **Lack of knowledge**
- ✘ **Fear of making mistakes**
- ✘ **Choice paralysis** (too many investment and platform options, which makes them feel overwhelmed)
- ✘ **Trust issues with financial services**

“I feel apprehensive about investing, especially with the thought of losing my hard-earned money.”

How can we fix the gender ISA gap?

For individuals

- ✔ Consider **stocks and shares ISAs** for long-term growth.
- ✔ Start with **diversified funds** before moving into individual stocks.
- ✔ Use resources like **AJ Bell Dodl** to build confidence.

Many women hesitate to invest because they see it as too risky or complicated, but there are simple ways to get started and build wealth over time.

One of the best steps is considering a **stocks and shares ISA** rather than just sticking with cash ISAs. Over the long run, the stock market tends to outperform cash savings, helping investments grow more effectively. You can start from as little as £25 a month, to build up your confidence and knowledge, and then increase this amount as you become a confident investor.

For beginners, picking your own stocks can feel very daunting and time consuming. Instead, starting with **diversified funds** – which spread risk across different companies and industries – can be a great first move before exploring individual stocks.

There are lots of resources available for first-time investors, including **AJ Bell Dodl**, which lets you currently earn 4.58% interest on the cash in your stocks and shares ISA while you learn about investing and ultimately move your money into investments. Dodl has easy-to-understand guidance, making investing feel less intimidating.

For the financial services industry

- ✔ Offer **more support and education** tailored to women.
- ✔ Simplify investment options to reduce choice paralysis.
- ✔ Build trust by improving transparency in financial products.

The industry has a big role to play in closing the gender investment gap. **More tailored support and education for women** would go a long way in encouraging more women to get involved in investing. We've come a million miles from the world of investing being just a boys' club of men in suits, but there is more work the industry could do to appeal to women – and all first-timers.

Many women feel overwhelmed by the number of investment choices available, so simplifying options and making them clearer could reduce decision fatigue. This can work by having a slimmed down investment range, more tools to whittle down the investment options or by improving the journey of selecting investments.

Ditch the jargon! At AJ Bell Money Matters we're passionate about not bamboozling people with investing jargon – no-one needs more acronyms and industry lingo. By cutting through that complication, explaining things in plain English and making it more accessible, we hope it will open the door to more people embracing investing. Simplify ISAs to remove unnecessary barriers.

For policymakers

- ✔ **Simplify ISAs** to remove unnecessary barriers.
- ✔ Use **targeted support** to guide more people through investing.
- ✔ Promote **financial education initiatives** for women.

There's also a need for systemic change. **Simplifying ISAs** and removing unnecessary complexity would make investing more accessible for everyone. Navigating the world of ISAs can feel like wading through a maze as there are so many types of ISA.

AJ Bell proposes consolidating most of the various ISA types into a single, unified 'One ISA'. The idea is to merge the best features of the existing ISAs, making it easier for people to save and invest without getting bogged down. More explicitly, if cash and stocks and shares ISAs were merged, more women may make that move from cash to investment ISAs, unlocking the **investment potential of the £6.6bn gender ISA gap**.

Wannabe investors of all stripes need better help and guidance in making key decisions about their money, and regulated financial advice is not for everyone.

The FCA and Treasury's joint proposals to introduce **targeted support** for pensions and other investment products will help those who need more support to make investment choices. Ultimately, there's an opportunity to significantly scale up the support available to savers and investors, and any initiative to improve the financial resilience of consumers, especially those who are over-saving and under-investing, should be a policymaker's priority.

Financial trade bodies and government should also push for stronger **financial education**, particularly targeting women, so they feel empowered to take control of their money.



With a mix of individual action, industry changes, and policy improvements, we can help close the gender investment gap and ensure more women benefit from long-term financial growth.

Closing the gender ISA gap isn't just about individual decisions – it's about **individual action, industry shifts, and policy changes** that help more women feel confident about growing their wealth.





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