



Tapping Women Monday-Makers

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The financial services industry has finally started thinking about how to better serve women now that they're inheriting much of the nation's wealth. It's also time to pay closer attention and listen more attentively to women who are creating wealth.

Just because a woman has a lucrative profession, a desk in the C suite or a thriving business doesn't mean she has her personal and estate planning in order, say financial services professionals who focus on this demographic. In fact, she may be more likely to put this on the back burner given the multiple demands on her time.

"Women are juggling all the balls at once," says Kathleen Stewart, a wealth strategist at BNY Mellon Wealth Management in Pittsburgh.

The gender retirement gap is also staring many women in the face. An October 2016 report from Diane Garnick, a managing director and the chief income strategist at TIAA, assumes two recent college graduates—a male and a female—start off in the same position at the same company with the same salary, each saving the same amount for retirement. But to have the same amount of money at retirement, the woman must save almost twice as much of her salary (18%, versus 10% for a man).

Garnick identified three major factors driving the gap for women—fewer years in the workforce (about 75% of the time men spend there, suggests Social Security data), the gender pay gap and the tendency to be more risk-averse than men.

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Women earn 78 cents of every dollar men earn, yet professional women earn an even less equitable 72 cents on the dollar earned by male peers, she found, using data from the U.S. Census Bureau. She also noted that women hold 5% more cash, 4.5% less in equities and 5.5% less in mutual funds.

“Advisors have a great opportunity to speak with women about how their family commitments can directly impact retirement goals,” she tells Financial Advisor. “When women decide to take time out of the workforce to support and care for their families, nothing at all changes about their expenses in retirement.”

Women planning to take time off should speed up their savings to reach the maximum deduction for that year, she says. Employers can help women save more for retirement, she says, by creating customized qualified default investment alternatives (QDIAs) that include higher-risk/higher-return assets such as direct real estate, large-cap stocks and international stocks.

Employers should also consider guaranteed lifetime income options. “Without guaranteed lifetime income, women face longevity risk and overspending risk during a time when they will be facing cognitive decline,” she says.

Knowing what women need is one thing; finding advisors to assist them is another.

“There is still a lot of gender bias in financial services,” says Adrienne Penta, a senior vice president and the creator and executive director of the Brown Brothers Harriman Center for Women & Wealth (CW&W). “It doesn’t come from anybody with ill intentions, I don’t think,” she says, but rather from outdated attitudes.

Advisors often assume a male spouse is making the decisions “even with women who are executives or running businesses or are in other powerful leadership roles,” she says. If there’s no “Mr. Smith,” she says, what doesn’t go away is the assumption that clients place top priority on products, underlying managers, stock selection and investment performance. Women do care about all these things, she says, but they also tend to think more holistically about wealth.

Penta and her colleagues have conversations with clients about wealth and all its “intersections,” she says, including careers, family, philanthropy and estate planning. They’re also making more of an effort to ask clients open-ended questions to learn about their pain points and what keeps them awake at night, where they’d like to see themselves and their businesses in five years, and how they plan to speak to their children about their estate plans and succession plans.

"I don't think we can expect our clients to open up and share their lives with us unless to some degree we share our lives with them," she adds. "That doesn't mean we have to air all our dirty laundry," but advisors should say why they love doing their job and working with clients.

To help women business owners connect with capital (one of their top challenges), the center hosts Women Founders and Funders dinners. At its February dinner, Jules Pieri, co-founder and CEO of the Grommet, a platform that sources and launches undiscovered products, shared her story for launching the business and overcoming obstacles along the way.

Other firms Financial Advisor spoke with also host networking events to educate and connect women who work.

Educating Women

Leah Bennett, chief operating officer at Westwood Trust in Houston and co-founder of the CFA Women in Investment Management initiative (WIM), also finds that women, especially business owners and executives, tend to think more holistically than men about their businesses and personal finances. "It's not good or bad, it's just that men and women are different," she says.

"Women tend to look less at investing in silos," she says, and more at the impact their decisions will have on themselves and their families. They're generally more interested in having a full plan instead of just hiring a money manager, she says. And they tend to care more than men about being able to successfully transition their business to the next generation of leaders, whether or not they're family, she says.

She helps her many female clients, including oil and tech industry executives, improve their financial literacy skills and understand appropriate risk taking so they don't sit on the sidelines. "That cash drag definitely has an impact," she says. She helps clients understand the importance of diversifying their portfolios, especially executives who are rewarded in stock options and restricted stock.

Creating a pro-education environment is not only good for clients but for long-term client relationships, says Bennett, who respects clients with expertise in other fields and meets them at their level of financial literacy.

Unfortunately, that's not always the case in the financial services industry. Women executives have recounted their exasperating conversations with other advisors to Danielle Blunt, president of Brea, Calif.-based Blunt Wealth Services, an independent firm affiliated with Raymond James Financial Services. "They tell me, 'Can't they see I have a brain? This is just not what I studied, I studied something else,'" she says.

Blunt spends a lot of time educating female clients about inflation, interest rates, the economy and other factors. "Education is the key with managing expectations," she says. She frequently reminds clients that the market corrects at least once a year by 10% and she encourages them to focus on ascending to the top of the hill instead of getting distracted by the "yo-yos" the media focuses on.

In general, she finds women executives to be very conservative investors. When they tell her they've worked hard for their money and don't want to lose it, she says, "I tell them, 'We need to make sure we're planning for all of your life, not just today.'" She reminds them they're likely to outlive most men.

Blunt, whose clients range from their mid-40s to their late 70s, finds women frequently put themselves last, especially those in the sandwich generation. Borrowing a safety procedure from the airline industry, she reminds them to put on their oxygen masks before helping others—whether it's their young kids, parents or adult children who've moved back home.

Most important, she recognizes that successful women don't want to be told what to do but want to be given knowledge that will empower them to make their own decisions. So she tells them, "I'll be your training wheels, I'm not going to let you fall—you'll be OK and then I'll watch and wave from a distance." Nothing makes her happier or more excited, she says, than to see female clients blossom with financial knowledge and confidence.

Sounding Board

Women breadwinners often get advice from multiple professionals, including their accountants, investment and insurance experts and attorneys, says Stewart, of BNY Mellon Wealth Management. To ensure clients are interpreting all these messages cohesively, she says, "We become a sounding board to guide them."

An internal networking group at BNY Mellon Wealth Management brings together clients and centers of influence, including CPAs, appraisers and attorneys, she says. She also benefits from being a member of the Pittsburgh Professional Women, a cross section of women from different industries.

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Stewart, who holds business and law degrees, spends a lot of time helping women entrepreneurs figure out their business succession plans and how they dovetail with other planning.

Women often get too caught up in the day-to-day issues of running a business to think ahead, but it's critical to put a well-rounded plan in place, she says. She has seen businesses devastated when someone passes away and an unexpected partner steps in. Powers of attorney and funding for buy-sell agreements are important.

Stewart also helps some clients communicate with their children about succession planning and she sometimes acts as a sounding board here, too. Women may be concerned about giving their children a handout, she says.

Rhonda Ducote, the president/principal of Apriem Advisors in Irvine, Calif., started her firm's Women of Wisdom (WOW) program in 2014 to help educate, empower and encourage all women to get more involved in their financial lives. Breadwinners and housewives "have a lot more in common than you think," she says.

She tells career women, "You want to run your finances the way you run your business, and you want your finances to work as hard as you do."

Ducote helps her clients' advisors work together as a team and she tries to prepare clients for all those "what if" scenarios. She readdresses planning with clients every year, partly because, she says, "Women can change their minds a lot."

She also talks to her clients, 75% of whom are female, about diversifying their portfolios. Commercial real estate and rental properties can be great diversifiers to replace income after someone retires or sells a business, she says.

Male advisors can learn a lot about working with female breadwinners by observing how female advisors interact with them.

Bill Pugh, a CFP and vice president of wealth management at Apriem Advisors, had advised women clients before joining Apriem nearly three years ago. But he picked up more nuances while shadowing Ducote during the firm's three-month training program for new hires.

"I was impressed by the bonds she built, personally and professionally," he says, and the way in which she asked the right open-ended questions about clients' businesses, kids and health.

He has helped organize some women-specific events for Schwab, which has a relationship with Apriem Advisors. And he's still improving his own skills. With women clients in particular, he says, "I feel like I have to be a listener first." 🗨️