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Women & investing: Why many advisers are missing out

By failing to connect with women, advisers are missing out on a lucrative market

By Ruthie Ackerman
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Some are calling it a revolution. Women now control \$18.4 trillion in consumer spending, hold approximately 30% of global wealth and are the sole heads of 32% of U.S households.

This makes women the largest emerging market in the world, twice as big as India and China combined, according to Sylvia Ann Hewlett, founding president of the Center for Talent Innovation, a think tank.

So it would seem that at a time when business growth is tepid and the financial services industry is searching for new opportunities, advisers would be finding great success in winning over female investors.

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Not quite.

As almost every study and survey taken in the last few years has concluded, women are eager to find the right adviser but are unhappy with the services and products offered to them by the financial advisory industry.

A study by The Boston Consulting Group in 2010 found that women were more dissatisfied with the financial services

industry than any other that affected their daily lives. Women reported being treated with disrespect and condescension, and given poor advice specifically because of their gender.

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Clearly, there is a disconnect.

“It sounds really simple and obvious, but it's a case of listening and noticing,” said Eleanor Blayney, consumer advocate for the Certified Financial Planner Board of Standards Inc. and president of Directions for Women, a consulting firm.

“Advisers are so used to talking to baby boomers — and they themselves are mostly boomers — that they forget that they cannot talk to a young woman the way they talk to her mother. And the way they talk to men won't work when talking with women or their daughters.”

A new study released by the Family Wealth Advisors Council in January confirms that assessment.



Financial advisers, the study argued, “target all women with the same messaging and services, ignoring the fact that there are many types of women, with completely different needs, who are looking for a variety of services, depending on their situation.

“A recent graduate who has student loan debt and is participating in a company 401(k) plan for the first time,” the study continued, “does not have the same needs as a married woman with children or a widow living off insurance proceeds.”

Only those advisers who tailor their approach and services will succeed, the study concluded.

For decades, the financial advisory industry has been fairly homogenous — a male-dominated world where male advisers work mostly with men of similar age.

“The world is changing fast,” Ms. Blayney said. “Advisers are going to be pushed to understand the cultural, economic and social changes that have impacted women.”

Demographics will be driving the change.

(Read the full *InvestmentNews Women & Investing special report.*)

Mary Quist-Newins, a professor and holder of the State Farm Chair in Women and Financial Services at The American College in Bryn Mawr, Pa., estimates that up to \$25 trillion will be passed to women through 2030 through inheritances from parents and spouses.

In addition to having more money, women are outliving men by five to seven years, according to the Social Security Administration. With women becoming widows at a median age of 59, they have a slew of financial planning needs in their future, said Heather L. Locus, a financial planner at **Balasa Dinverno Foltz LLC** in Itasca, Ill.

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As it stands, an estimated 70% of women fire their male advisers once their husband dies, and 90% of those hire a female adviser afterwards.

That's a lot of business being left on the table.

"Wealth management — like most of financial services — is largely male-dominated, and while a couple might be served with a traditional approach, once a woman is no longer part of a couple, an adviser might need to offer something beyond performance reporting and golf outings to keep her as a client," said Michelle A. Fait, a financial adviser at Satori Financial LLC in Seattle.

The good news is that financial advisers who are able to meet the needs of women will find a world of opportunities.

Studies have found that women are more receptive to financial advice and more likely to seek it out than men. Little wonder, then, that 95% of ultrahigh-net-worth women work with an adviser, as do 46% of affluent women, according to a Spectrem Group study from 2011. In fact, educated women with a net worth of more than \$500,000 represent one of the biggest growth opportunities for independent financial advisers, according to The Family Wealth Advisors Council report.

The key for advisers is to figure out how to reach women, no matter what their life stage is.

It is critical to recognize that women view money differently than men. In general, women don't try to accumulate money merely for the sake of it. They want money so they can take care of themselves and their families, improve their lives, and feel stable and secure, according to research by The Boston Consulting Group.

In addition, women like to feel that their adviser is taking the time to educate them about the financial planning process. Women are not looking for complex products and services. Instead, financial advisers should seek to help women become more comfortable with asset categories that can lead to long-term growth, said Chris Brown, a principal of Hearts & Wallets, a retirement and savings trends research firm.

More than men, women want to be educated, understand fee structures and feel as though their advisers are trying to help them comprehend their full financial picture, studies have found.

A recent study by Hearts & Wallets, in fact, found that women want a financial adviser who offers low fees that are clear and understandable. Instead of a sales pitch, they want to be taught about products in language they understand.

"For women, the decision-making process is longer when it comes to hiring an adviser and understanding a strategy," Ms. Blayney said. "They won't necessarily come into your office the first time and sign on the dotted line."

Ms. Fait has found that women also are looking for a collaborative approach, which keeps them more engaged in the process.

"Engaged clients are clients you keep," she said.

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To win trust, presume nothing - and listen closely.

Planning-focused firms have edge with women

Rebecca Pomeroy has no doubt why she wants a female-friendly practice.

Advisers unsure how to reach women

The financial advice business might be a man's world, but it is women and their needs that will increasingly drive its economics.

Adviser triples assets by making her firm female-friendly

Five years ago, Cathy Curtis' financial advisory practice had pretty much stalled out when she met a woman at a networking event who was a "branding" expert.

Give your practice a makeover to attract women

Financial advisory firms that have found success focusing on female clients share a few common marketing and hiring traits — as well as some other tactics — that keep women walking through their doors.

Caution can work to women's advantage

Let's face it— when it comes to money, like so much else in life, men are from Mars, women are from Venus.

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