

**Financial advisors  
are failing women:  
What female clients  
really want and how to  
change the dialogue**

by Judy Paradi, Paulette Filion

73%<sup>1</sup>

of women report being “unhappy” with the financial services industry

80%<sup>2</sup>

of women switch advisors within a year of their husband’s death

87%<sup>3</sup>

of women looking for advisor say they can’t find one they can connect with

## Financial advisors are failing women

Despite all the efforts to attract and retain women as clients, financial advisors are failing miserably.

The numbers are hard to ignore – 73%<sup>1</sup> of women report being unhappy with the financial services industry, 80%<sup>2</sup> of widows leave their financial advisor upon the death of their husbands and 87%<sup>3</sup> of women looking for a financial advisor say they can’t find one they can connect with.

Clearly there is an enormous disconnect between what the financial services industry and financial advisors are serving up and what women really want. To be fair, it’s not that the financial community is oblivious to women, quite the contrary. Women have been identified as a valuable demographic, but actually pursuing and retaining women has all too often become a tick-mark item in the marketing department.

The irony is that although the financial community is working hard to attract women, they simply do not understand that in order to retain women they must capture their hearts and minds first, and that means more than pink-brochures and women’s seminars. It means actually *rethinking the current service model being offered.*

### How financial advisors fail women

One might rightfully ask, how is it possible for an entire industry to overlook the uniqueness of the financial needs of women. As part of a global gender-diversity survey undertaken by eBay, one of the key findings was that there is “a pervasive mix of *unconscious mind-sets*, behaviour, and “blind spots” that color anyone’s perceptions of gender.<sup>4</sup>” In other words, most organizations don’t even realize that they are overlooking women’s needs.

The financial community, almost exclusively headed by men, consistently sees women as simply another niche market. They fail to recognize that their firm’s future success depends not only on attracting women but also on developing a strong female-friendly brand.

As such there continues to be too little effort devoted to understanding women’s attitude towards money or tracking their levels of satisfaction. “Yes,” they argue, “we have marketing campaigns aimed at female clients.” But, “are they happy,” is a question not asked often enough.

It starts at the top.

“...the failure of most firms to capitalize on the women’s wealth market is a leadership issue.”

*Women and Wealth:  
The Invisible Opportunity*

In addition there is an underlying belief in the industry that “you just can’t make money focusing on women”. Inevitably, this view is reflected in how, and how often, financial advisors approach women.

Men are almost 2 times more likely than women to be approached by a financial advisor<sup>5</sup>, and even when advisors interact with couples, the male partner is still 58% more likely than the woman to be the primary contact.<sup>6</sup>

Not surprisingly, women feel short-changed by the financial industry. According to the Boston Consulting Group in a study of women with at least \$250,000 in assets, “more than 50% of women surveyed said that men get more attention, better advice and better terms and deals”.

The bottom line is that the financial community is failing to recognize that women approach money differently than men and that their needs are inherently distinct. “We have unique emotions and values attached to money, but not many advisors are addressing the issues affecting women,” says Rhonda Sherwood, a wealth advisor with ScotiaMcLeod Inc.<sup>7</sup>

### Sticking to long-held faulty perspective

There are deep-rooted beliefs in the financial community about women and finances such as women have few assets, are risk averse, not particularly interested in investments and most likely not the decision maker. The reality is that nothing could be further from the truth.

- **Women have few assets – not true.** They currently control a third of all wealth<sup>8</sup> in North America. That’s \$1.1 trillion in wealth<sup>9</sup> in Canada and likely to grow once their husbands begin to die. Women could control as much as 67% of all financial assets by 2020<sup>10</sup>. Almost 40% of women out-earn their husbands<sup>11</sup> and almost half of those with \$500,000 or more to invest are women.<sup>12</sup>
- **Women are risk averse – not true.** They ask a lot of question because they want to know what is going on. Julie Barker-Merz, leader of BMO’s women in wealth committee, says advisors should not assume that this cautious approach means women are risk-averse when it comes to investing. It’s simply that they are very aware of the risks involved with investing.
- **Women are not interested in investing – not true.** In our own research<sup>13</sup> 60% of the women we interviewed said they were always interested in investing and 51% said they were either the decision maker on the account or were very involved in managing the assets along with their partner.

# 2x

men are twice as likely to be approached by a financial advisor<sup>5</sup>

# 50%

of women said men get more attention, better service and better terms

### Faulty Perspectives

- women don’t have assets
- women are risk averse
- women are not interested in investing



*“I ask questions because I like to know what’s going on. Maybe that makes me look dumb but I know men who know a lot less and would never ask for fear of looking stupid.”*

## Misguided Behaviours

- Selling fear
- Selling abdication
- Dismissing women's needs
- Only focusing on rates of return



*Women overwhelmingly tell us they are looking for a trusting relationship, not just higher rates of return.*

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### Case study #1

Holly told us that when her husband's mom died leaving them with some money, she thought it was important to meet with their financial advisor Ted as soon as possible. But when she called, instead of even offering condolences, Ted launched into how he normally didn't meet with clients outside of the annual or semi-annual meetings and suggested a few meeting dates well into the future. In the meantime, he offered to accept the money and keep it in cash until they met. That was the last straw for Holly – "I didn't care what my husband thought of him, it was my decision to fire him," she told us.

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### Continuing misguided behaviours

Inevitably, sticking to faulty misperceptions leads to misguided behaviours.

- ***They sell fear.*** Brochure copy like, "Studies show that many women are more reluctant than men to take on the level of risk required to produce investment returns sufficient to meet their needs," almost always backfire. The message: unless women think and invest like men they are likely to fail is not only false but it is demeaning and scare mongering.
- ***They sell "abdication".*** When a financial advisor says to a female client, "I'll take care of that, don't you worry" or "leave it to me," it suggests that she has no role in the relationship or control over her investments.
- ***They dismiss women's needs.*** Married women repeatedly complain that their family advisor focuses on their husband and never asks for her views. Single women too feel their needs and opinions are trivialized by advisors intent on selling "product".
- ***They pursue "rates of return".*** Financial advisors are often fixated on selling their ability to deliver better "rates of return" because that is what their male clients have typically wanted from them. Women overwhelmingly tell us they are looking for a trusting relationship, not just higher rates of return.

### Reluctance to rethink how they do business with women

Because historically, the analytical male-focused approach to investing has worked, the financial community mostly recognizes and rewards investment prowess. Subsequently, financial advisors focus on becoming licensed as portfolio managers and earning educational credits to become experts in asset allocation, portfolio optimization and risk management, with *little thought to relationship building.*

Of course performance is important to women too, but they assume that managing money well is a “given” for all licensed financial advisors.

Consider the case of an eager young financial advisor who reached out to us upon hearing about the work we were doing in the area of women and investing. He wanted to show us his “pitch”.

For 20 minutes he talked about himself, his experience, his education and his successes. When we tried to stop him he insisted on showing us his “fail-safe” investing methodology, sure that it would impress anyone, men and women alike.

He was beyond astonished when we told him that most women wouldn’t care to hear about his investment strategy, after all, everyone has a “strategy” and that in fact they would be turned off by his braggadocio, his poor listening skills and his total lack of interest in them.

Rather than listening and trying to understand how women want to interact with them, many financial advisors focus on emphasizing their expertise while others go even further saying – “This is what we offer ... and it should be your focus as well.”

It is hard for financial advisors to connect with women because men and women think differently – this is not theory, it’s science.

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## Case study #2

Vivian had never participated in the investment process while her husband was alive. The magnitude of that decision became apparent upon his death at 71. So, when their financial advisor called, she was relieved. She assumed that with his help she could learn.

But when they met, she was unceremoniously told, “Here’s how I do business. I invest the money on a discretionary basis and charge 1% at your level of assets. I’m very good at it but it takes up all of my time. If you have a question, you should call my admin assistant.”

Given his dismissive attitude, she assumed that maybe she didn’t have enough assets for him to bother with. So she found another advisor – one she could relate to who was willing to spend time to help her understand investing. As it happens her account was worth \$6 million.

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## The Emergence of Women

birth control pill



choice



later marriages



higher education



better job opportunities/careers



higher wages



accumulation of wealth



independence

## Why financial advisors are failing women

Over the last 30 or more years, the financial community flourished as never before. It had become imperative for a population with investable assets to invest as life expectancies lengthened and pension plans waned. These new investors (comprised mostly of men) needed help navigating a bewildering array of investment options only available through the financial community. But a seismic change was also taking place during the midst of this savings frenzy that was missed.

### Slow in keeping up to the rapid emergence of women

The availability of the birth control pill in the late 1960's changed women's lives in a profound way. Gaining control over child bearing gave women the ability to delay pregnancy and marriage, which allowed them the opportunity of a higher education – which in turn gave them greater access to jobs, which fed their ambitions and led to management and senior jobs and ultimately personal wealth and power.

Today women earn more than ever before, are getting elected to government and are gaining better representation on Boards of Directors. They outlive their husbands and are leading lives that suit them. They buy houses, cars, start businesses, and sell everything from space equipment to cupcakes.

Yet the financial community continues to miss the mark with women because *it has not been able to keep up to the unprecedented emergence of women as a financial force*. While women were taking over the world, the financial community was busy with other priorities and failed to reinvent itself and its offerings to women.

### Continue to rely on demographics

Years ago the financial community successfully identified the growth opportunity of the baby boomers using demographics to full advantage. Today, using the same metrics, they have identified Millennials as the next target market

However, this will prove to be a strategic miscalculation for two reasons:

1. This strategy entirely overlooks the fact that women will inherit the family assets long before their kids and grandkids.
2. Given how differently women relate to money and what's important to them, demographic modeling no longer works in predicting what they want. It has more to do with relationships than investment proficiency, and their needs go well beyond a cookie-cutter approach.

The female market is more complex. Women come in all “shapes and sizes,” in a variety of relationships, married, divorced, widowed, old, young, with and without children, housewives or with full time demanding careers as CEOs, business owners and politicians. Their financial needs are diverse.

Relying mostly on demographic segmentation to guide them, marketing departments create “templated” materials for women and financial advisors churn out “templated” financial plans.

The use of psychographics, the study of personality, values, opinions, attitudes, interests, and lifestyles, is far more likely to offer better clues as to what women are thinking and how best to attract and do business with them.

The female market is complex.

Psychographics is more likely to offer better clues to meeting women’s needs than demographic data

Case study #3

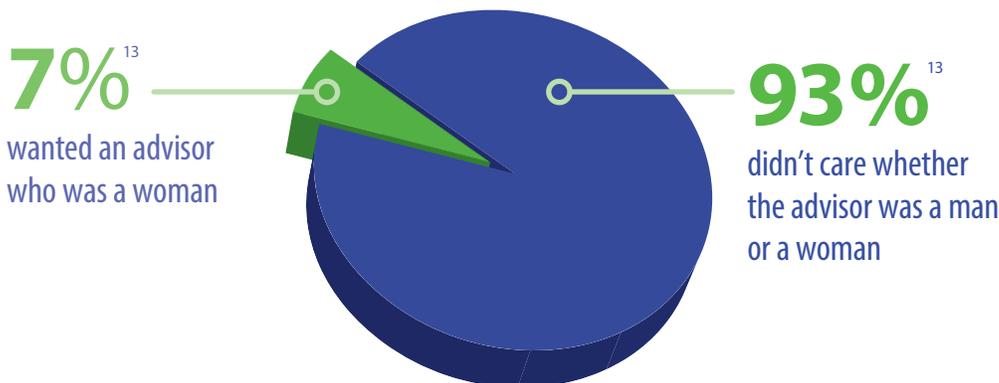
Two ladies we talked to were dismayed to find that they had received exactly the same plan from their financial advisor. While their ages and net worth were similar, their life circumstances couldn’t have been more different. One had an ailing husband and children who would probably need financial help. The other only had one child who was doing extremely well and her husband was younger than her. Without listening or asking the right questions, the advisor relied on demographic profiling and assumed that all women of a certain age lead similar lives.

Financial advisors are mostly men

Eighty-five percent (85%) of financial advisors are men, and if men intuitively understood women’s needs, there would be no problem. But they don’t, and there is little, if any training aimed at helping male financial advisors tailor their services to women, so *they stick to what they know* – which, as we’ve seen, doesn’t work with women.

85%<sup>14</sup>  
of financial advisors  
are men

Interestingly, the women we interviewed had no preference for a male or female financial advisors and only a very few women believed that “a female advisor understands me better.”



62%<sup>15</sup>

of women are university graduates

33%<sup>8</sup>

of wealth controlled by women

67%<sup>10</sup>

of financial assets to be in female hands by 2020

40%<sup>11</sup>

of women out-earn their husbands

43%<sup>12</sup>

of Canadian investors with \$500,000 or more are women

## WHY WOMEN MATTER

### A Perfect Storm is Transforming the Advice Business

#### 1. The growth of women's economic power

The percentage of female senior executives, business owners and entrepreneurs who are accumulating sizable assets and wealth is rising significantly<sup>16</sup>. At TD Bank alone (one of the few financial institutions to offer special training around the needs of women) total investable assets among women have grown by 33% since early 2012<sup>17</sup>.

#### 2. The transfer of wealth to baby boomer widows

Baby boomer women stand to inherit wealth twice in the coming years – first from their parents and in-laws and then from the husbands they statistically outlive. As the male baby boomers begin to die, millions of dollars in family assets will pass to their wives. It's estimated that retirees will control \$2.6 trillion in assets by 2022<sup>18</sup> and women are likely to inherit the money before it ever gets to the kids.

Experts predict that 90% of females will be the sole financial decision makers<sup>19</sup> at some point in their lives and anticipate that women will be exclusively in charge of managing the assets for an average of 16 years following the death of their husbands<sup>19</sup>.

#### 3. Women are more likely to question fees (CRM2)

Once CRM2 (fee transparency and disclosure) is fully implemented, clients who feel underserved are the ones mostly likely to be asking the question, "How much am I paying you and what am I paying for?" and most likely many of them will be women. Women do not mind paying for service as long as they believe there's value to them.



*"I used a financial advisor for 10 years and went to an investment counsellor because the fees were lower."*

## What female clients really want

Women want a financial advisor who takes the time to understand what is important to her, someone who respects her and listens to her concerns and doesn't jump to conclusions about what's "best" for her. She wants a partner who she can trust with her future and who will be honest and upfront about fees.

They want a plan that connects to their lives and they want an advisor who is not afraid to discuss the emotional aspects of life. "When a person feels comfortable enough to open up and share her fears, to get vulnerable about her financial plan, then I can really help her," says Julie Price, a wealth management advisor with Northwestern Mutual.

## What female clients don't want

Women don't want or need a different portfolio from their male counterparts. It isn't about investing differently. It's about wanting a different experience than men. The women we interviewed were pretty clear on what doesn't work for them right now:

- Women do not feel that anyone is listening to them. Even women who manage their own money or the family portfolio feel "unheard" in seeking service on their terms.
- Women don't relate to money as a goal in itself. They think of money in terms of life choices. Interestingly, women are significantly more likely to want a financial plan yet were the least likely to have one<sup>20</sup>.
- Women think the industry makes it harder for them to understand what is going on by using language that they don't understand.
- Financial advisors who use their knowledge and expertise to impress only turn off women who see it as boastful and arrogant.



*"I want my financial advisor to talk less, ask questions, listen to the answers and remember them."*

*"I've told him I want to focus on my goals, rather than on markets or specific investments but he still talks about the performance of my stocks."*

*"Financial advisors should stop overcomplicating things; be clear and simple."*

*"I don't need my advisor to tell me how smart he is. I need him to give me confidence in my own abilities."*

Why is change so hard?  
“Unlearning is often a lot  
harder than learning.”

*Norman Doidge, M.D.,  
The Brain That Changes Itself*

Financial advisors shouldn't  
just wait for their firms to  
get it right, the real power  
is in their hands.

## How to change the dialogue

The burden of change falls both to the financial community and the frontline financial advisors – it is a symbiotic relationship and they must both be on the same page. One cannot succeed without the other.

### What the financial community can do

“While many individual advisors and teams have built robust practices serving women well, as an industry, no firm has emerged as a clear market leader.”<sup>21</sup>

The financial community needs to understand that the greatest opportunity lies with the frontline advisors, so they must play a key role in changing the corporate attitudes from top down and supporting advisors in their efforts to attract and retain female investors.

At the end of the day, the advisors are the ones who can effect “real” change through the choices they make each day, from who they target as clients to how they interact and communicate with them.

### Steps financial organizations can take

1. Set objectives for attracting, understanding and retaining women and track the progress.
2. Hire advisors good at relationship building and with strong listening skills.
3. Train and develop advisors in building relationships with women.
4. Recognize and reward the most successful advisors working with women.
5. Research female clients satisfaction levels and provide insights to financial advisors.
6. Help financial advisors market to more women by helping them build action plans.

## What financial advisors can do

While there is much financial organizations can do, it's the financial advisors who hold the key.

The quality of the female client's experience is in the hands of their financial advisors. And what they want is to be valued as clients. They want to experience eagerness or at least willingness on the part of the financial organization and the advisor to accept them as they are.

### Steps financial advisors need to take

- **Listen with heart.** This means truly listening, taking an interest in and acting on what she says, not just paying lip service and continuing on your "canned" spiel as soon as she is finished. Adrian Mastracci, a fee-only portfolio manager and financial adviser at KCM Wealth Management says it best, "(Women) truly value the adviser who is a good listener." He continues, "they want to work with the adviser who clearly understands their issues."<sup>22</sup>
- **Connect money to her life.** Women almost never describe themselves as investors. They are friends, colleagues, mothers, daughters and wives first. Money is not a means in itself; it is a means to an end. And, financial security isn't about ending up with the "biggest pile of money," it's about not becoming a financial burden to her loved ones, maintaining a decent lifestyle in retirement and making sure they don't outlive their savings.<sup>23</sup>
- **Show respect for her differences.** Respect is accepting that women have a different approach to money and that they communicate differently than men. Responding to and adjusting your style to hers, getting her input rather than making decisions independently from her, are all behaviours that show you care.
- **Build her confidence.** Women have the intellectual capabilities to make good financial decisions but often lack the confidence. What they need from their advisor is someone who will answer their questions and help them learn in a collegial, non-patronizing way.



*"If an advisor really wants to know what we want, they should just ask us."*

*"I like that he can connect our investment to our retirement goals."*

*"He does not see me and my partner as one entity."*

*"My advisor has been an integral part of what I've learned about investing."*

## The final word

### Those who get it right have much to gain.

Not all the women we interviewed were unhappy. A third of those we interviewed had a positive and trusting relationship with their financial advisor. The word they most often used to describe their relationship with them was “friend”. And advisors who have been successful in building their business around women confirm this. “I’ve been able to build a thriving practice catering to women because they appreciate what I do for them. I’m much more than just a rate of return to them.”

Financial institutions and financial advisors who see the opportunity but struggle to meet the needs of women must ask themselves two questions:

1. **What more could we do to show women they are heard and they matter?**
2. **What more could we do to change the dialogue?**

That could make all the difference.

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Helping the financial community better respond to the needs of women.

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StrategyMarketing.ca conducted one-on-one interviews with women, in the summer of 2015, about their experiences with investments and financial advisors, including their current advisor. We sought their views on what needs to happen for women to be more engaged in the investment process and what advice they would give other women. In addition, women had the opportunity to voice their opinions through an online survey

**What Drives Women Investors**

<https://surveyplanet.com/55a188378854b3be6b3e5b1e>