

# Empowering, Educating, and Engaging Women Clients

by Eleanor Blayney, CFP®

Eleanor Blayney, CFP®, is the founder of Directions LLC, building a network of financial advisers and women clients. She is the author of *Women's Worth: Finding Your Financial Confidence (2010)* and *The Home Budget Workbook (2010)*.

Personal financial management, along with the dispensing of financial advice, has long been a male domain. One out of four CFP® certificants is female; in the brokerage world, the gender ratio hovers at approximately one in five.

Investing, often and unfortunately considered by many consumers and advisers as synonymous with financial planning, seems to be a particularly masculine activity, judging from its vocabulary, metaphors, and media presentation. Stock market journalist Jason Zweig refers to the “testosterone-poisoned sandbox of the male investor,” where “the most important thing is beating the other guy; the second most important: bragging about it.” The visual format of CNBC looks just like ESPN, with a constant noisy stream of scores (that is, stock prices) at the bottom of the screen. Investing is conveyed as an aggressive, even belligerent sport, with terms such as “winning,” “losing,” “beating the market,” “running of the bulls,” “swimming with the sharks.” These images certainly appeal to men, hard-wired to be the hunters and competitors, but are not necessarily inviting to women who, by nature and by nurture, prefer to gather together for collaboration and consensus. For many women, investing and Sunday afternoon sports TV are best left to the men.

## Executive Summary

- Today's women are making great strides among the ranks of professionals.
- Studies consistently highlight a gap between men and women in terms of their needs and involvement in the management of their personal finances and investment assets.
- Many financial advisers do not fully appreciate the differences between the financial styles of women and men, and fail to address women's needs or play to their strengths.
- Women have the capacity to effectively plan and manage their finances, but many lack the knowledge, skills, and experience to make decisions about their money and resources.
- They would like to find advisers who will educate and empower them, but too many distrust the financial services sector.
- As a profession, financial planners can

build trust with a female clientele by a thoughtful and comprehensive review of all aspects of their practice, including their planning process, their subject matter expertise, and their relationship management.

- In their planning process, planners should provide financial education, consider their style of goal setting, and be open to providing advice, not just analysis.
- In their subject matter expertise, planners should pay special attention to the unique needs of women, who typically earn less, work in entrepreneurial and non-traditional enterprises, live longer; need more late-in-life care, and give away more of their resources.
- In their relationship management, planners should consider the collaborative and community-oriented style in which women traditionally learn.

Even smart, successful women admit to lack of confidence about personal finance. In a 2006 Harris Poll for Charles Schwab, 48 percent of women agreed with the statement, “Investing is scary for me.” This was twice the rate of men who reported they felt that way. There is evidence that Gen-Y women are less intimidated by personal finance and investing than their mothers are. However, given the high workplace participation rate of

these younger women, they may plead “not enough time” as the reason for their lack of engagement.

In my two decades as a CFP practitioner, I have observed that other core disciplines of financial planning, such as balance sheet management, tax planning, and retirement planning, come more naturally to men. During the high-flying, tech-rich days of the late 1990s, my young male Microsoft, AOL, and Microstrategy clients would talk

about their “number,” which was the amount of net worth they would need to be permanently financially independent. The women cubicle millionaires worried more about the reaction of their friends and family if they were to retire at age 40, or had the PTA over to their 10,000-square-foot homes for a fundraiser.

Nevertheless, there are two areas of financial planning that have traditionally provided more natural habitats for women: cash flow management as it pertains to household budgeting and spending, and estate planning as it concerns family and philanthropic gifting. Women are responsible for 85 percent of household purchase decisions, while a 2009 Fidelity Gift Fund study found that men overwhelmingly point to their wives as the primary decision-makers when it comes to charitable giving.

### Women’s Worth: Women as an Economic Force

The paradigm of men as the primary holders of wealth and the makers of financial decisions is, however, shifting. In April 2006, *The Economist* advised its readers to forget about “China, India, and the Internet” and think instead of women as the drivers of economic growth in the 21<sup>st</sup> century.

Consider these statistics:

- According to a 2007 Allianz Life Insurance study on women, money, and power, women are expected to control 60 percent of the wealth in the United States within the next decade.
- In the fall of 2009, the Bureau of Labor Statistics reported that women have become the majority gender in the U.S. workforce.
- The labor force participation of women ages 20–64 has doubled in the past 60 years, reports Alicia Munnell in her profile of female boomers, included in a collaborative 2007 study by the Harvard Generations Policy Program and the Global Generations Policy Initiative.
- The percentage of women whose

income is greater than their husbands is now 28 percent, having quadrupled since 1970, according to a 2010

release from the Pew Research Center.

With greater wealth and higher earnings, women are taking on more responsibility in the management of household finance. According to Mindy Rosenthal, co-author of a study on affluent women by Wilmington Trust: “Women are stepping up to new levels of involvement in the management of their families’ wealth, with 88 percent of those in the study playing a high-to-moderate role in the management of family assets.”

Furthermore, women are less likely than men to be do-it-yourselfers when it comes to making financial decisions. A MassMutual Retirement Services survey conducted from November 2009 to January 2010 reported that women are 25 percent more likely to work with an adviser than men. It appears that women’s satisfaction with advisers might also be higher than that of men. AARP Financial recently cited findings that 74 percent of women who sought financial advice considered themselves well served, versus 54 percent of advised males.

Does this imply that women make better clients than men? Many advisers, upon learning my interest in improving our profession’s outreach to women, have written or called to tell me that they prefer female clients, saying that a woman is less apt to challenge or discard their advice, once her trust has been secured.

The trust factor is vital, however. There is evidence that women are wary of advisers, feeling either patronized or pressured when talking to a financial professional, or worse, unheard, especially when a male partner or spouse is in the room. In 2008, *Financial Advisor* magazine cited a telling statistic that 70 percent of women fire their financial advisers within one year of their husband’s death. A recent book, *Women Want More*, based on a Boston Consulting Group study by Michael Silverstein and Kate Sayre, cites financial services as the industrial sector least sympathetic to women, based on responses from more

than 12,000 women on how they were being served by businesses.

### The Need for a Woman-Centered Approach

The famous Freudian question “What do women want?” is one that the financial planning profession might do well to ask. Attempting to answer the question definitively, however, can itself be a woman-minimizing process. The answers likely differ by generation, profession, and wealth. Perhaps Shakespeare understood women best when he celebrated the “infinite variety” of the archetypal woman, Cleopatra.

We do know, however, what women need from financial planners based on some hard biological and social realities:

- Women outlive men by approximately five years (some studies report this longevity advantage at seven years).
- Women are the child bearers, and though not biologically mandated, tend to be the primary caretakers of dependents, including the elderly.
- The pay gap between women and men, holding constant experience and credentials, ranges from 20 to 25 percent.
- On average, women spend 27 years in the workplace, compared to almost 40 years for men.
- Through spousal death or divorce, women are more likely than men to spend more time living on their own for a significant period of their lives. The average age of widowhood in the United States is 56.
- Between 80 percent and 90 percent of women will, at some point in their lives, be solely responsible for all household financial decisions, according to the National Center for Women and Retirement Research.

Taken together, the financial planning implications are clear: women are disadvantaged when it comes to accumulating wealth, but they require more wealth for their longer lifetimes. They need to save more and earlier than men, and find ways to do so other than just workplace-sponsored accounts. They also need to take

more risk with their investments and less risk when it comes to disability or the need for long-term care.

Women's perceptions of the risks associated with investing and finances often lead them to do exactly the opposite of what they should be doing. Behavioral finance experts Brad Barber and Terence Odean have documented that women are more intolerant of risk than are men. This aversion to risk may, in turn, derive from women's emotional default to fear when it comes to negative or ambiguous events (such as the performance of financial markets). Men, by contrast, are more likely to respond to threats or disruptions with anger. Research done by social psychologist and Harvard University professor Jennifer Lerner demonstrates that the two emotions, anger and fear, result in very different perceptions of and responses to risk. Angry individuals have a greater sense of certainty and control, whereas the fearful view their environment as dangerous and beyond their control.

The fields of linguistics, psychology, neuroscience, and cultural anthropology have also alerted us to some distinct, though not hard and fast, differences between the relational and cognitive styles of men and women. According to Bob Deutsch, a cognitive anthropologist, women "cycle" and men "consummate." In terms of learning and decision-making, a man is more oriented to the present and the concrete, and drives to "get it done, to make decisions now." A woman, by contrast, is more conceptual, more interested in the process than the outcome. Her understanding is built over time.

Deborah Tannen's research in sociolinguistics also points to differences in the way the genders talk to one another. A woman's conversational style is more collaborative, focusing on areas of commonality and shared experience. Her drive is often to be "the same as" others and to build relationships on these similarities. Men's talk is organized in terms of hierarchy and rank: who's on first and who's on second.

In my speaking and writing on women's

financial issues, I often use a simple metaphor to summarize what the financial planning profession needs to do to help women. We need to "get them in the room" to start talking about money. Most of us have learned a great deal from our own women clients—how they think, react, and plan—but the real concern is the number of women who exist outside of our advisory orbit, many with significant wealth and issues that could be addressed by planning solutions. Considering that the problem of fear, compounded by the lack of socialization as financial decision makers, may be most acute among women baby boomers, there is a huge number of potential clients with resources that we have never heard from. Whether we are motivated by altruism or enlightened self interest, by the need to do good or the wish to do well, the call is the same. We need to reach these women in a different way.

### Opening the Door: Engaging Women Clients

Identifying the issues is one thing; implementing solutions is quite another. Planners, women and men alike, sometimes ask me, "What do I need to do differently to build a female clientele?" I tell them that they need to change just one thing.

Everything.

This is, of course, a patent exaggeration, but communicates an important point. Planners need to review just about every aspect of their business, every interaction they may have with their women clients, to see if they are offering and performing planning services in a way that is entirely supportive to women. This could include, for example, rethinking your meeting rooms: Big oak conference table or smaller, more intimate seating arrangements? Walls featuring corporate accomplishments and a mounted flat screen permanently tuned to CNBC, or photographs and artwork? It could include rethinking your staffing or who in the firm does what: are women in visible positions of responsibility and authority or is a young female receptionist

always the one to bring coffee to the conference room?

A practice audit to focus on a firm's accessibility, appeal, and value to women might usefully focus on the following three broad areas:

1. Financial planning process
2. Content or subject matter areas addressed
3. Relationship management

### Financial Planning Process

The six-step financial planning process was defined and codified in professional standards by CFP Board in the late 1990s. Planners practicing by these standards are held to a fiduciary level of responsibility, which means putting their clients' interests ahead of their own and disclosing all conflicts of interest. "Interests" is generally understood as "financial benefit," but another definition, one that may open the door wider for women, might be "welfare" or "well-being." Feeling safe, empowered, and authentic may be just as important an interest for women as financial gain. As any experienced planner knows, the best, most technically correct advice in the world is useless if it is not acceptable or implemented. Advice that misses the "heart of the matter" for women—their values, their sense of belonging and caring—is likely to be ignored.

Consider, for example, three of the six steps: defining the scope of the engagement, data gathering and determining client goals, and presenting the planning recommendations:

- **Scope of engagement:** Typically, planners define scope in terms of the analyses they will conduct or the issue areas they will address: a capital sufficiency analysis for retirement, or a review of the risk/return parameters of an existing portfolio. It is certainly important to be this specific, as the best way to manage the engagement and client expectations, but an additional service to consider would be providing the necessary education

on the topic areas of the engagement.

Many women want and need education on financial topics to assess the advice they are given. They need the time and space to ask the basic questions: what is a bond, a stock, a mutual fund? (According to a 2009 survey by Financial Finesse only 40 percent of the women respondents had a general knowledge of these terms, compared to 73 percent of men.) By expressly including financial education as part of the scope, financial planners can encourage women to ask these questions without feeling that they are slowing the process or appearing ignorant. Furthermore, the education process can also be used to identify what women do not need to know to be competent financial managers. Too often, women believe they must know everything about a subject to be any good at it. Unfortunately, because knowing everything is impossible, women may decide to avoid the subject altogether.

- **Gathering client data and setting goals:** In this step, planners generally focus on numeric or quantitative information or measures. Gathering data is often referred to as “fact-finding,” which involves ascertaining balances in investment and savings accounts, tax brackets, death benefits, and terms of insurance policies. The school of life planning, as eloquently and thoughtfully articulated by George Kinder, puts this factual basis of planning in its place behind the deeper exploration of what matters most to clients, almost always in terms that are not dollar-denominated. All planners interested in better serving women can learn from this approach, even if they do not formally adopt the life planning process.

The process of setting goals also deserves reconsideration. As business people as well as practitioners, financial planners often espouse the

S.M.A.R.T. method of goal-setting, the acronym standing for specific, measurable, achievable, realistic, and time-bound. Using these guidelines, planners typically help clients set bright-line goals such as “Retire in 2020 with a \$2 million portfolio,” or “Fund the children’s education account annually with \$26,000.” For some women, however, the numerical and calendar specificity of these goals may be alien or alienating. Such goals can feel like imperatives, and instead of motivating success, also set up rather arbitrary standards for failure. For example, a woman who has never funded the kids’ 529 plans may see her contribution of \$15,000 rather than the recommended \$26,000 as inadequate, when in fact she has taken a huge step forward in her goal to finance her children’s education.

Recasting goals into terms of emotional or psychological outcomes—such as gaining financial confidence or control—certainly makes them harder to monitor, but no less meaningful to women. In fact they may be more meaningful. Rarely, if ever, have my women clients thanked me for helping them get to the required portfolio value indicated by a retirement capital needs analysis. But they have often said to me, “Thank you for making me feel so much better about my future.”

- **Presenting recommendations:** Too often, financial planners make the mistake of confusing analysis with advice. They present five-pound financial plans, replete with worksheets, charts, and graphs, in three-hour planning meetings. Having done the often-painstaking work of entering data and testing what-if scenarios, financial planners naturally want to display their hard work to their clients. The fact that planners themselves are predominantly left-brain thinkers may also have something to do with this.

It is not necessary to falsely stereotype women as right-brain thinkers and numerically challenged to assert that these presentations miss the truth of how women want to work with their planners. They first want to gain trust in the adviser—often a visceral process, based on the adviser’s availability, listening skills, and experience in working with others like themselves. Once this trust has been established—presumably well before the planning has been done and the recommendations are presented—they generally do not require ongoing validation of the planner’s credibility. At this point, they want advice: what the planner would do if he or she were in the client’s shoes. When women ask you for the time, they want your answer to be accurate and reliable, but they do not necessarily want to know how your watch was made.

### Subject-Matter Expertise

The facts and circumstances of women’s financial lives—their longer lives, the high probability of their living alone for a significant time, their intermittent or interrupted workplace participation—requires financial planners to develop “non-vanilla” areas of expertise within the core curriculum of financial planning. Some of these areas include:

- **Management of human capital:** Apart from the few who acquire sudden or transferred wealth, most individuals build wealth in the workplace through earnings and benefits. Women, in particular, need help in optimizing those workplace opportunities, primarily because these opportunities are fewer for them than for men. Planners can add tremendous value to women by helping them acquire negotiation skills, evaluating benefit and severance options, providing coaching and resources to help them command higher salaries and perks, and evaluating and planning for the costs of

having children and obtaining child-care. This type of focus is very different from the more traditional emphasis on the management of financial assets and investments as the key to financial security.

- **Management of social capital:** The collaborative nature of women often leads them to invest considerable time in their communities, their places of worship, their circle of friends, and their social networks. For women who come through divorce or arrive in retirement with insufficient financial resources, these connections can provide an important alternative means of support. Planners who can help women clients identify and access this type of social capital can make a difference in the quality of life for these women. Even if planners focus completely on wealthy clients, where inadequate

financial means may rarely be an issue, they should be prepared to help their women clients assist a needy friend or family member. Too often, women will put their own financial security at risk to help out those they care about; by suggesting other ways to support friends and family, such as community and public support programs rather than personal gifts or loans, the planner can help his or her own clients to preserve their wealth.

- **Business start-ups:** Women are increasingly starting businesses based on their skills and interests, primarily as a way to balance their work-life commitments and to be more directly and fully rewarded for their contributions. The profitability and revenue growth of women-owned businesses still lags that for men-owned businesses. Furthermore, women are often reluctant to use leverage to grow their

businesses. To help this growing number of women business owners, planners need expertise in the formation, financing, and management of small businesses.

- **Disability insurance and long-term care:** It is generally well known that women have greater needs for disability insurance and long-term care. Younger women planning to have children or to adopt are often confused about what maternity leave benefits employers are required to provide and how they might coordinate employer-provided sick leave and short-term disability with individual disability coverage. Older women living alone and needing some form of daily living assistance face a confusing and ever-changing array of choices to consider: investment in an assisted living facility or community, purchase of long-term care insurance, election to accelerate life

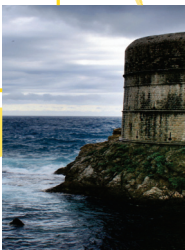
## Uncharted economic waters ahead. It's time to get a compass.

With the first and only patented **Investment Tools for a Changing Economy<sup>SM</sup>**, you can show your clients exactly how economic changes tend to impact their individual investments – and what to do about it.

**Take the economy into account, then take the helm with MacroRisk Analytics.**



**MacroRisk**  
ANALYTICS<sup>SM</sup>



### DEFEND

your clients' investments from economic risk by diversifying across the entire economy.



### NAVIGATE

through economic turmoil by finding investments that react appropriately to economic change.



### HARNESS

the power of the economy by choosing assets with economic wind in their sails.

**For more information go to [www.MacroRisk.com](http://www.MacroRisk.com)**

MacroRisk Analytics is a weblnsight<sup>®</sup> service of c4cast.com, Inc. ©2010 c4cast.com, Inc. MacroRisk Analytics, Investment Tools for a Changing Economy, and weblnsight are trademarks of c4cast.com, Inc.



insurance benefits, life settlements, spend-down of assets, Medicaid coverage. Planners who develop expertise in these areas can be of tremendous value to their female clientele.

- **Annuitization, Social Security elections, reverse mortgages:** Many financial planners are focused on the issue of safe withdrawal rates from investment portfolios as the way to manage clients' needs for sustainable income in retirement. Given women's longer lives and that most arrive in retirement with considerably less in savings

“What's different in the case of women is that all-important moment of entry to the financial planning engagement.”

than men, planners need to reach beyond portfolio solutions to consider other strategies and products for creating and enhancing lifetime income. Strategic planning for when and how to take Social Security, particularly for married women, can make an enormous difference to their retirement lifestyle. Fixed income annuities and the use of home equity to provide lifetime income should also be considered. These solutions have not been used widely by planners. In the case of reverse mortgages, high fees, eligibility limitations, and clients' fears about “losing their home” have made this product unpopular. In the case of annuities, planners charging fees for active asset management may be reluctant to carve out a piece of the portfolio for annuitization. However, these products are changing to

become more attractive (for example, inflation indexing for fixed annuities) and planners, too, must change their minds about how they can be used to benefit their women clients.

### Relationship Management

When financial planners talk about client relationships, they usually think of the one-on-one connection between the planner and the client or couple. The setting is the conference room. Advice, expertise, and recommendations flow unilaterally from planner to client, who responds with questions, reactions, and acceptance or resistance to the planner's counsel. An implicit hierarchy is thereby established with the planner literally or figuratively at the head of the table.

This relational hierarchy may not, however, be altogether friendly to women. As collaborators empowered by their communities and networks, they learn from others who share their experience. Plan-

ners trying to open the door to women clientele might rethink their ideas of client relationships to include the power of community as a way to engage women in the financial planning process.

Consider the phenomenon of “circles” and their place in women's lives. Throughout history women have been attracted to the productive potential of circles as a way of learning and working. In colonial times women gathered for sewing circles or quilting bees, to assist in the setting up of a household or to prepare for a new child. Yesterday's bees have evolved into today's book groups, investment groups, giving circles, recipe swaps, and scrapbooking clubs. Women congregate as a way to learn, to work, and to socialize.

The education and work involved in personal financial management might be made more appealing to women if done in a group or community, organized and facil-

itated by the financial planner. Women clients, prospects, and friends could be invited into a circle setting to discuss any variety of subjects, such as their childhood money messages, surviving divorce, the death of a partner or spouse, or raising financially responsible children. The planner's role would be to create the safe and convenient space for this discussion, and to provide occasional advice or guidance on technical or factual matters. The community could even be continued through online “threads” or networking. Most of the work would be done, however, by the women themselves, discovering the collective wisdom of the group on subjects that matter to them. The absence of any hierarchy among the participants can be empowering to women, many of whom are intimidated by the traditional “on high” delivery of financial advice. By building relationships among women, the financial planner thereby strengthens his or her relationship with clients or prospects. It can be a way of branding his or her commitment to the needs and wants of women.

Building a women-friendly practice does not require financial planners to throw out the rulebook and start all over again. The six-step planning process still provides the best foundation for comprehensive financial planning and competent delivery of advice. The major subject matters of planning remain the same. The role of the planner as an experienced, educated, and ethical leader is still the ideal.

What's different in the case of women is that all-important moment of entry to the financial planning engagement. Does she feel empowered, accepted, and comfortable? More importantly, does she feel safe? There is a huge demographic of women out there with assets, incomes, careers, and big financial decisions to make. As a profession, we have the financial answers and strategies for these women. We just need to open our advisory doors a bit wider to get these women “in the room.”



## References

- AARP Financial Inc. 2009. "Vast Majority of Families Struggle with Financial Implications of a Life Crisis" survey.
- Allianz Life Insurance Company. 2007 and 2008. "Women, Money and Power."
- Barber, B.M., and T. Odean. 2001. "Boys Will Be Boys: Gender, Overconfidence, and Common Stock Investment." *Quarterly Journal of Economics* (February).
- Caravan Opinion Research Corporation. 2009. "Marriage & Money Survey" (August).
- Catalyst Inc. 2010. "Statistical Overview of Women in the Workplace" (March).
- Chrysalis Research and Research Data Technology. 2009. "Fidelity Charitable Gift Fund: Gender Difference in Charitable Giving 2009."
- Deutsch, Bob. 2010. "Vive La Difference: How Brands Should Appeal to Women." (February). [www.brainsells.com](http://www.brainsells.com).
- Dreyfus Corporation and The National Center for Women and Retirement Research. 1997. "Gender Investment Comparison Study."
- Financial Finesse. 2009. "Responses to Online Financial Planning Questionnaire."
- Hira, Tahira, and Cazilia Loibi. 2007. "Gender Difference in Investment Behavior" (August). [www.finrafoundation.org/resources/research/index.htm](http://www.finrafoundation.org/resources/research/index.htm).
- Lerner, Jennifer, and Dacher Keltner. 2001. "Fear, Anger, and Risk." *Journal of Personality and Social Psychology*.
- Longo, Tracey. 2008. "The Emerging Profile of Women Investors." *Financial Advisor Magazine* (August).
- Oppenheimer Funds. 2006, 2007. "Women and Investing Survey."
- Prudential Funds. 2009. "Prudential Study 2008-09: Financial Experience and Behaviors Among Women."
- Silverstein, Michael, and Kate Sayre. 2009. "The Female Economy." *The Harvard Business Review*.
- Tannen, Deborah. 1991. *You Just Don't Understand: Men and Women in Conversation*. New York: Ballantine Books.
- The VIP Forum. 2006. "Understanding the HNW Female Investor" (October).
- Wilmington Trust and Campden Research in association with Relative Solutions. 2009. "The New Wealth Paradigm: How Affluent Women Are Taking Control of Their Futures" (April).
- Zweig, Jason. 2009. "For Mother's Day, Give Her Reins to the Portfolio." *The Wall Street Journal* (May 9).



**\$378,036 to go to  
Double Your Impact!**



Fidelity Investments has committed to matching all new pledges made to the Foundation for Financial Planning through the end of 2010 to a maximum of \$1 million.

***We are more than half way there!  
But, we need your help now to  
reach our goal!***

The work of the Foundation is more important than ever to help people take control of their financial lives through:

- Pro bono financial planning
- Financial Life Skills Education
- Connecting financial planners with people in need

Make a pledge ASAP, so it will have the most impact. Pledge now — pay over 1 year. Your full pledge will be matched Fidelity NOW!

***Go to [www.foundation-finplan.org](http://www.foundation-finplan.org)  
and make your pledge today.***