



Women's Views of Wealth and the Planning Process It's Their Values that Matter, Not Just Their Value

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Women don't think like men, especially when it comes to money. As women control a growing share of wealth in the years ahead, advisors will need a new paradigm in their practice, one that reflects an emphasis on values over goals.

If you ask a man, "what does money mean to you?" or "what do you want your wealth to do for you?" his response will typically be goals-based. He may say something about retiring early, buying a second home, or paying for his children's or grandchildren's college educations. For men, wealth is a way to reap concrete rewards.

Women, on the other hand, are generally values-focused and consider wealth to be a means to less tangible ends. Ask a woman that same question and her answer will reflect a desire for security, freedom, or independence – not wanting to be a burden to her children or grandchildren, for instance.¹ Women view money as a way to enable themselves and their families to live their dreams and passions both personally and philanthropically.

That women focus on the intangibles of what investing does for them and men focus on the tangibles could be dismissed as psycho-babble – if this distinction weren't utterly crucial to future success in private wealth management. It is vital that advisors understand that women have different motives for investing and adjust their approach accordingly.

Why does it matter?

The research speaks for itself:

According to the U.S. Census Bureau, as recently as 2006 59% of Americans were in couples and 41% were single. Among single Americans, 54% are single women – nearly a quarter of the total population. Other indicators show the great and growing share of this country's wealth that women control:

- Women currently control \$14 trillion in assets.²

¹ According to a 2010 study from Women & Co., the two words women associate most with wealth are security and freedom.

² Center for Women's Business Research, 2005.



- Women will inherit 70% of the \$41 trillion in inter-generational wealth transfer expected over the next 40 years.³
- 80-90% of women will be solely responsible for their own finances at some point in their life.⁴
- Since women live longer than men, they are often “dual inheritors” – inheriting wealth from their parents and their spouses.
- Because women live longer than men, 80% of women are single when they pass away.⁵
- The average age at which a woman becomes a widow is 56.⁶

Does your current model take these facts into account?

Most advisors have traditionally built strategies in line with the male perspective. While that may be a good game plan for the first three quarters of clients’ lives, however, there is an overwhelming likelihood that the quarterback in the fourth quarter will be a woman. She will have her own ideas on what plays to call, based on her own core values.

Furthermore, if her advisor didn’t dial into those values and didn’t ensure she was part of the planning relationship, she will be sure to find a different advisor who will. Approximately 70% of women fire their financial advisor within a year of being widowed. Why? Because no relationship existed between the woman and her deceased husband’s advisor.

The costs of such a switch – to both the client and the advisor – may be high, but things don’t need to play out that way.

Men and women alike know it’s responsible to plan for the transfer of tangibles; they understand the importance of being good stewards. Financial plans, estate plans and wills are critical for preserving the things we can touch – money, property, cherished possessions, etc.

But what is the plan for transferring the intangibles? For women, how to pass down their core beliefs, life lessons, personal stories, and hopes for the future – which truly define who they are – is a key area of planning that is missing in most financial plans.

Introducing families to comprehensive legacy planning expertise sets advisors apart from those who focus solely on the tangibles. Increased clarity on the family’s intentional legacy

³ Boston College’s Center on Wealth Philanthropy, 2009.

⁴ National Center for Women and Retirement Research, 2007.

⁵ Illinois Department of Financial & Professional Regulation, 2009.

⁶ Illinois Department of Financial & Professional Regulation, 2009.



adds value and strength to the advisor's relationship with the entire, multi-generational family.

To an increasing proportion of the decision makers – women – legacy planning *is* vitally important and is the primary yardstick by which success will be measured in their wealth strategy. But most advisors don't do it because it's never been overtly important to the male client, and, even if it were, they have never had resources available to learn how to do it.

Women embrace legacy planning, and as their role increases in strategic wealth planning, advisors' abilities to collaboratively design and implement a comprehensive legacy plan will become increasingly important. This is an irreversible trend.

So how is it done?

How is wisdom passed down – women's guiding principles, beliefs, family traditions, life lessons, personal stories, and hopes for the future that truly define who we are and help us link past and future generations?

Begin with simple but meaningful conversations with the family. Recognize that 'dragons' exist – below-the-surface issues that create chaos and are hard to control. These might include envy, greed, jealousy and power struggles. They may lurk in the background, but they can breathe fire when provoked. Dragons are always present in families, whether or not they are acknowledged.

Uncontrolled, dragons have the capacity to tear families apart, regardless of how much wealth the family has. Traditionally, families either leave dragons in the shadows in the hope that money can control them, or they confront their dragons with the intent to slay them. But dragons are hard, if not impossible, to kill. Instead, good legacy planning brings the dragons out of the shadows and into the sunlight, where they can be managed, not slain.

Even successful wealth transfers are fraught with risks; all of us have witnessed family implosions set off by wealth. Legacy conversations are vehicles for communicating the guiding principles that will enable the next generation to manage the family wealth – in its entirety. Will they thrive or falter? This is what women think about when they consider their wealth.

The promise of a legacy strategy is that it creates a rudder for navigating the often-stormy seas of wealth transfer. To create one requires that families clarify both their tangible and intangible assets and combine these two distinct categories of wealth into a legacy that is both lasting and meaningful. The trusted advisor who understands the power of this new definition of wealth will be irreplaceable to the women who live by it.



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