

Reaching Executive Women

An Overlooked — and Growing — Investor Segment



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“The truth is that Wall Street has done a poor job for women forever. So much so that it calls women a niche market.”

Sallie Krawcheck of Ellevest

Recent stories, surveys, and studies in wealth and investing media have revealed a glaring wealth advisor blind spot. The reports are a clarion call to wealth managers, and an invitation to pay attention and reach out to an overlooked demographic of potential clients: executive women of high net worth.

Wealthy women investors are largely disregarded by the current service model of financial advisement, even though nearly 95% of women are — or will eventually become — their family’s primary financial decision maker. The decisions they make include whether, where, and how to invest.¹ Across the U.S., \$5 trillion in wealth gets managed solely by women in households, regardless of whether they identify as heads of household.²

Given that more than half of financial advisors are white men over the age of 50, high earning executive women, especially those who are diverse, are not on most wealth managers’ radar.^{3,4,5,6} That’s in part because most Americans—around 71%—believe men should be the primary earner in households according to a Pew Research Center survey.⁷ It’s hardly surprising, then, that male investors get catered to more readily by wealth managers than female investors, and that’s driving executive women—and their growing wealth—away.

UNNOTICED AND UNDERSERVED

Boston Consulting Group found in 2016 that just 14% of wealth manager survey respondents engaged in any marketing (seminars, events, or forums) to target current or potential women clients during the preceding year. Moreover, only 2% of wealth managers considered women investors to be a unique client segment, making specific adaptations to their practice in order to reach and serve that demographic.⁸

“The truth is that Wall Street has done a poor job for women forever. So much so that it calls women a niche market,” Sallie Krawcheck of Ellevest told *The Washington Post* in a May 2017 article.⁹ Krawcheck, once the highest-ranking woman on Wall Street, added, “Wall Street has been laser-focused on its core client—a middle-aged male—and women have not been well served.”

But, women aren’t a “niche market.” They represent a rapidly growing investor segment and a highly lucrative investor market. Wealth advisors can no longer afford to ignore this cohort, as the population of high net worth (HNW) and ultra high net worth (UHNW) continues to grow. Many do not work with a financial advisor at all, but those who do have a relationship with an advisor tend to report dissatisfaction with their services. It is common for HNW and UHNW women to terminate the relationship with their financial advisor, taking their own and their family’s money with them.¹⁰

It behooves wealth management professionals to learn as much as they can about these influential high earning women investors, including how to work with them fruitfully.

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EXECUTIVE WOMEN AS BREADWINNERS

While there is little focus on high earning women, there is even less focus on such women who are also breadwinners for their families. Beginning in 2012 through 2015, the Family Wealth Advisors Council on Women of Wealth began conducting studies about breadwinning women to shed light on the wide variety of financial planning needs unique to women breadwinners. The authors of FWAC's *Women of Wealth: What Do Breadwinner Women Want*, Heather R. Ettinger and Eileen M. O'Connor, present compelling findings to advisors who want to serve this important market. Their findings include the following.¹¹

- More than a third of women earn more than their spouse or partner and slightly less than a third of women earn about the same amount.
- Nearly half of women enter a relationship with greater assets than their spouse or partner.
- There is an increasing number of single women in America which contributes to women's growing share of wealth.

The FWAC research defines varying segments of women breadwinners, each of whom have unique service needs that advisors should be attuned to.

Breadwinner Women

Those women who contribute substantially —25% or more—to their household income

Primary Breadwinner Women

Those women contributing 50% or more of their income to their households

Sole Breadwinner Women

Those women who bring in 100% of the income that supports their families

Single Breadwinner Women

Those women who have never been married, making them sole breadwinners, too.

Source: O'Connor, E.M. & Ettinger, H.R. (2015). *Women of Wealth: What Do Breadwinner Women Want?* Family Wealth Advisor Council.

Women are starting businesses at twice the rate of their male counterparts.

Breadwinner executive women have typically earned their wealth through their work. They're the uppermost earners of the over 50% of women who now occupy professional roles and executive suites and of entrepreneur women.¹² As of 2017, 31% of married or cohabiting women bring home at least half of the couple's total earnings, and 28% earn more than their husband or partner.¹³

Women are likely to continue to make gains in overall earnings. They are enrolling in Master's and Doctoral programs and obtaining degrees at a higher rate than men.¹⁴ Women are also starting businesses at twice the rate of their male counterparts.¹⁵

Executive women should not be considered a niche or an initiative by financial advisors. They control a large and quickly growing share of the U.S. personal wealth market. These statistics offer crucial hints about how a wealth manager can play a meaningful role in these women's financial lives.

1. Women are earning more and controlling a larger share of U.S. Personal Wealth.

- Women controlled \$14 trillion or 51% of U.S. personal wealth in 2014 and are estimated to control \$22 trillion by 2020.¹⁶
- Of the top wealth holders in the U.S., 43% are women^{17,18} including 3 million women with incomes above \$550,000.¹⁹
- The category of billionaire women is growing faster than that of billionaire men.²⁰ Globally, 80% of women billionaires come from the U.S., and 19% of them are self-made.²¹

2. Values-based investing and charity are important to women.

- In the top 25% of the permanent income category, women gave 156% more money to charity than same-class men.²²
- Women want to make societal changes and 34 percent invest for impact and in alignment with their values.²³

3. Wealthy women are younger and more tech savvy than their male counterparts.

- Wealthy female investors skew younger—50 years old—than wealthy male investors, whose average age is 63.²⁴
- HNW women are tech savvy, with 68% of U.S. women using wealth management apps on smartphones. Twenty-eight percent use robo advisors.²⁵

4. High income and wealthy women are not being served well by their financial advisors.

- Of women with assets of \$1 million or more, 30% lack a financial advisor; 51% don't feel understood by their current one.²⁶
- Among women with high assets under management with wealth managers, 62% would consider switching.²⁷

WORKING WOMEN AS HIGH-NET-WORTH POWER PLAYERS

While many HNW and UHNW women come into their wealth at least partially through inheritance,²⁸ most executive women generate their wealth in male-dominated industries like technology and finance.²⁹

Despite facing pay gaps^{30,31} and additional forms of gender inequity, as well as racial,³² ethnic, age, and other forms of potential discrimination, executive women make themselves industry power players. A recent Forbes article takes a look at the richest self-made women and looks at “how America's top female entrepreneurs have shattered ceilings and scaled new heights, creating companies and building fortunes in everything from genetic testing to aerospace.” Forbes cites that the combined net worth of the top 60 self-made women is now a record \$71 billion, 15% more than in 2017 and that 24 of these top earners are billionaires, up from 18 in the preceding year.³³

Executive women are more ambitious, focused, and confident than the general female population. While 58% of today's wealthy Americans were middle class growing up,³⁴ as little girls, 44% of primary breadwinner women aspired to career success, while just 25% of the broader working women community did.³⁵



Of women with assets of \$1 million or more, 30% lack a financial advisor, and 51% don't feel understood by their current one.

In 2017, Spectrem Group published, *Successfully Growing Your Business With Wealthy Women*. In their research, Spectrem found that most wealthy women — 87% — work because they desire to work. About 59% work both because it's an economic necessity and because they want to work. For 28%, working is not a financial necessity, but they love to work. Interestingly, however, while 21% of wealthy respondents felt financially obligated to work because they are breadwinners, they would prefer not to work.³⁶ Spectrem summarizes their findings by explaining, "A majority of wealthy women worked to get where they are financially, and most of them believe strongly that their decision to work full-time was the correct one for their life."³⁷

EXECUTIVE WOMEN'S UNIQUE EXPECTATIONS OF WEALTH ADVISORS

The primary expectation that executive women of all types have of advisors is that advisors listen to them. They first want to be recognized as important enough for advisors to consider them in their offerings and be willing to design customized—although not “feminized”—approaches to their unique needs. Data reflect HNW women's feeling that they are not experiencing this with their wealth advisors at present.

While Spectrem's research shows 69% of wealthy women use advisors to some extent³⁸ other studies reveal different patterns. What is commonly seen among study findings, however is this: Many executive women don't have complete faith in the wealth advisor community.

Of women with assets of \$1 million or more, 30% lack a financial advisor, and 51% don't feel understood by their current one.³⁹ Among women with high assets under management with wealth managers, some 62% would consider switching. As many as 66% of younger heirs leave their advisors as soon after inheriting money as possible.⁴⁰ It's clear that most executive women don't feel supported by their financial advisors.

It's essential that wealth managers understand executive women investors and their challenges, and work with them in the context of their specific characteristics and needs.

HOW TO CAPTURE AND KEEP EXECUTIVE WOMEN CLIENTS

Executive women are as complex individually as women of any group. Advisors can serve them best by focusing on them as distinct people with needs that vary based on personal circumstances. Recognizing how these women function and what motivates them is just the start.

Wealth managers must give these women the tools and the services they need. Those that create business models focused on the unique needs of women with comprehensive wealth management and financial education for their whole family will fill an important gap. Filling this gap, however will require building trust and demonstrating a commitment to helping them flourish personally, professionally and as investors.

Here are some key takeaways to consider for the women you serve:

1. Acknowledge the roles she plays, and ask about the daily demands she faces in her professional and personal life.

What does this mean on a practical, service-oriented level?

Define a service model that meets her needs. Don't assume she can meet you at your office between the hours of 9 and 5. Find ways to go to her or use technology to connect, perhaps through video conferencing, email or text. Most importantly, ask her how **she** prefers to connect and communicate with you, rather than the other way around.

Identify her dependents. For whom does she have financial or caregiving responsibility? Is it a spouse, children, parents, a disabled sibling, or some combination of these? Ensure that you understand what her support network looks like and provide assistance on resources to assist with these issues. That might mean offering introductions to respected nanny or elder care services, ACT tutors, or social work agencies specializing in people with disabilities. While you may not think these fall within your purview, such referrals represent "extra mile" touches that will set you apart as a wealth manager who's responsive and engaged.

2. Support her in her professional life.

Host an executive women networking event. Consider getting some of your executive female clients together for a low-key gathering at a local venue or for a summer boat cruise where everyone can relax. Invite each person to bring a friend. This is a great way for your clients to meet other women in similar situations and for you to get prospective new executive clients.

3. Champion her charitable pursuits

Host a charitable event. Is your client on the board of a local charity? Help her out by hosting an event in which the proceeds will go to that charity. This can be a cooking class, wine tasting or a pet-themed event. Promote the event in your newsletter and ask your client to invite some friends. Be creative. This is a great way to foster loyalty with your client, gain referrals, and help your community.

Clearly, the executive women demographic represents a lucrative prospective client pool for wealth managers. This is particularly the case because this segment has historically been underserved or poorly served. Pay attention, anticipate and respond to the unique characteristics, needs and wishes of executive women clients and prospects. Tell them explicitly that your practice understands the challenges high earning women may face, and then prove your commitment by delivering a service model that supports them.

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