



Photo courtesy of Pepper.

Women, Money, Power

Wealth manager Carol Pepper '84 shares her perspective on women's financial issues.

Interviewed by Lauren Weber

When Carol Pepper '84 and business journalist Camilla Webster were shopping around their proposal for a book of financial advice for women, they kept hearing the same line from people in the publishing industry: women don't buy books about money.

Tell that to the female fans who come up to Pepper at book events, carrying copies of *The Seven Pearls of Financial Wisdom: A Woman's Guide to Enjoying Wealth and Power* (St. Martin's Press, 2012) that are marked up with pens and studded with yellow Post-Its. "Women want practical advice about money, whether they're buying insurance or going through a divorce," says Pepper, who calls the response to the book "overwhelming."

At age 50, Pepper comes by her wisdom through a 25-year career as a

private banker managing money for one-percenters. She completed stints at J.P. Morgan, Citibank, Credit Suisse, and the Rockefeller Family Office before founding her own company, Pepper International, in 2001. She also lectures internationally to wealthy families seeking advice about passing along their assets to future generations.

Pepper, who grew up in modest circumstances in the town of Sudbury, Massachusetts, studied philosophy and Russian at Bryn Mawr, thanks in part to a Bryn Mawr Alumnae Regional Scholarship and loans from the Sudbury Foundation of her hometown, as well as student loans. She then earned an M.B.A. at Columbia Business School in 1989.

She sat down with the *Bulletin* to share her perspective about women, money, and power.

In the broadest sense, how do women's financial concerns or issues differ from men's?

CAROL PEPPER: What the data shows is that men compartmentalize finance and think of it as 'my portfolio' or 'the return on my stocks.' Women are thinking about quality-of-life issues and the well-being of their families over their entire lives. There's a more integrated sense that money permeates every aspect of decision-making, so they think about it very holistically. Also, women's lives are much longer and they cycle through different stages repeatedly, but not in any particular order. Women are going in and out of retirement, starting businesses at 60, remarrying at 70. We wanted to give very specific and concrete advice to help women through all of these stages.

You're a big advocate of women starting their own businesses. Is this a risky move, given how often small businesses fail?

PEPPER: Businesses do fail at an alarming rate, but it's because people fail to adequately prepare before launching their businesses. It is critical to create a proper business plan before you start, have enough savings for living expenses until the business generates money, and arrange enough capital, either through loans or savings, to carry the business for two years while it grows. But if you do prepare, then the number-one way to become wealthy is to have your own business. In corporate America, there is still a glass ceiling for women. It is difficult to accumulate any real capital. Once you hit 50 or 60, most companies want to get rid of you. When

you have your own business, no one can lay you off or limit your financial gain due to your gender.

The book cites a fascinating report that shows women hedge fund managers performed better than male hedge fund managers during the financial crisis. Why did the women do better?

PEPPER: Research shows that women trade 50 percent less than men, women are better able to revise opinions when they get new information, and women are more cautious overall and will hold more cash. These traits allowed female managers to get through the crisis with fewer losses than their male counterparts. And it's not just during the financial crisis; female managers do better than men whether the market is up or down. Unfortunately, though, there's still a persistent and somewhat illogical pattern of outperformance and yet underfunding at the same time for funds run by women. We hope this will change in the future.

You recommend that women be vigilant about not being taken in, romantically, by con men. Is this a serious problem? Most of us probably think we're sharp enough to know the good men from the bad apples.

PEPPER: It's more of an issue now because more women have money. They're CEOs, law partners, and investment bankers. In online dating profiles, some women reveal their income level, and some of the men are contacting women based on that information. Nowadays if a guy you meet online Googles you, he can get a tremendous amount of information about you beyond what's in your dating profile. For example, he can see that you're on boards, hosting a charity event, etc. This gold-digger phenomenon still happens to men, of course, but it's now happening to women as well.

We've been hearing about the importance of prenuptial agreements for years. What would you say to a woman who's nervous about bringing this up with her partner?

PEPPER: Many young women think, "I don't have many assets, and I don't want to spoil this beautiful time or offend my partner." But what if your parents pass away and you inherit their home, or you receive an inheritance from your grandmother? Women often have a lot more assets than they realize. And all that stuff may be considered marital property and may have to be split with your spouse if you get divorced without a prenup. Just having the prenup discussion with a partner can be very enlightening. It helps you make sure you and your husband look at financial matters the same way. For a woman, it's about fairness to yourself.

You mention a new type of feminine power and leadership that's emerging in society. What do you mean by that?

PEPPER: Moira Forbes, one of the experts we consulted, talks about this in our book. In the old days, power was about money and control, and it was primarily men who had power. Nowadays, with social media and the Internet, it's possible to become influential in non-traditional ways. Power is more fluid. Look at Lady Gaga—she has two million Twitter followers. This is much better for women, who have traditionally been shut out of corporate boards, political institutions, etc. Power is now much more about being able to influence large audiences with an authentic voice, and that's where women can participate best.

Your book is about what women can do individually to become wealthy and successful. What about the systemic or political obstacles that hold women back?

PEPPER: There are absolutely political and other obstacles. Just look at the low percentage of women on corporate boards. We also have ridiculously low numbers of women in public office. By getting ahead individually, we hope women will get involved in the community and give back. Once you have your legs under you professionally, there's a lot you can do in your community or workplace to change systems from within.