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# SHE-Change

## Women as Agents of Change: Their Emerging Role in the Family, Business and Society and Its Impact on the Financial Services Industry

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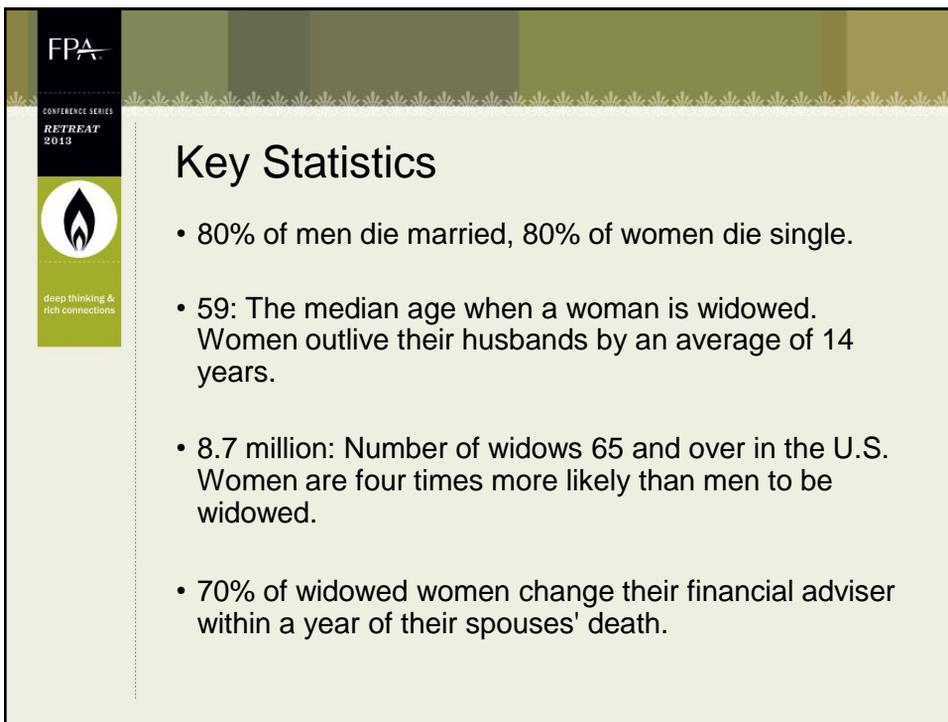
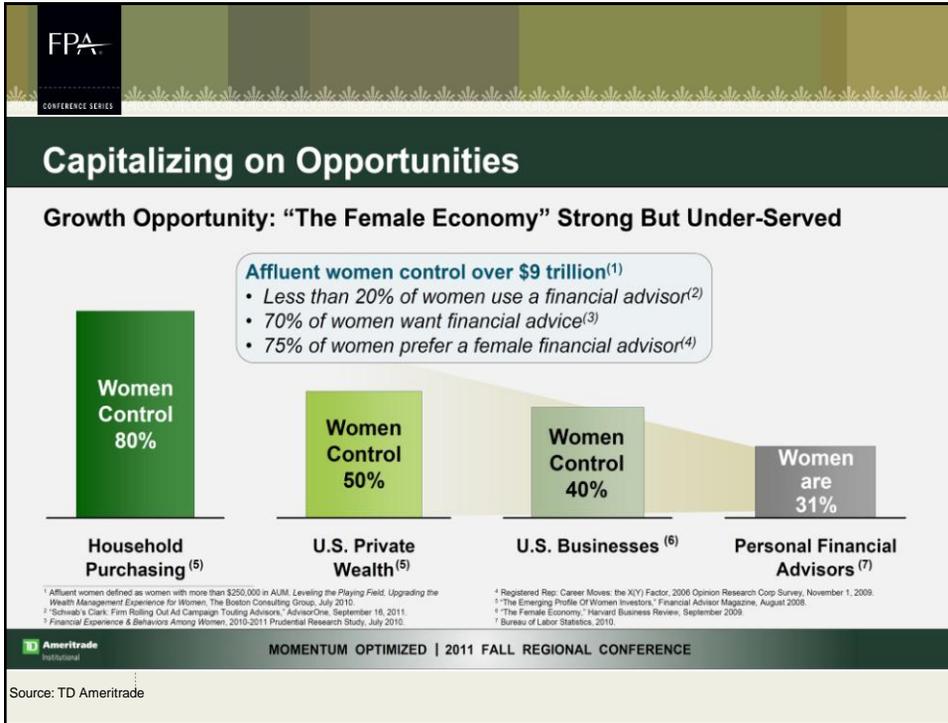
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# Key Takeaways

- Data that frames the sea change
- Shifting wealth implications and effect on client dynamics and expectations
- Communication strategies and deliverables for niche markets of women
- Engaging the married woman
- Trends for women as advisors





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## Shifting Wealth Implications

- American women hold 89% of all U.S. bank accounts and are worth more than \$5 trillion in consumer spending power — larger than the entire Japanese economy.
- Women control more than 48% of estates worth more than \$5 million.
- Women will inherit 70% of the \$41 trillion in intergenerational wealth transfer expected over the next 40 years.

Sources:  
[Newsweek, 7/6/2010, "Women Will Rule the World";](#)  
[http://supportingadvancement.com/vendors/canadian\\_fundraiser/articles/womens\\_affluence.htm](http://supportingadvancement.com/vendors/canadian_fundraiser/articles/womens_affluence.htm);  
[Boston College's Center on Wealth and Philanthropy,](#)  
[http://www.advisorperspectives.com/newsletters11/pdfs/Womens\\_Views\\_of\\_Wealth\\_and\\_the\\_Planning\\_Process.pdf](http://www.advisorperspectives.com/newsletters11/pdfs/Womens_Views_of_Wealth_and_the_Planning_Process.pdf);  
["Power Unused Is Power Useless" – Jacki Zehner Blog, stat from presentation at 48th AFP international conference](#)



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## Shifting Wealth Implications

- Women's \$12 trillion in earnings was projected to grow by 50% to \$18 trillion in five years.
- They are already the breadwinners or co-breadwinners in two-thirds of the American households.
- Women are the largest "emerging economy" and growing (at \$13 billion, it's bigger than GDP of China and India, combined).
- With that unstoppable power and influence, it's clear that women are going to create the future.

Source: Newsweek, 7/6/2010, "Women Will Rule the World"

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## Shifting Wealth Implications



- 95% of women are involved in making household financial decisions.
- 84% of married women are either solely or jointly involved in shaping their family's financial destiny.
- Women control or make 67% of the household investment decisions.

Source: Prudential Study in 2010

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## Family Wealth Advisors Council (FWAC) Women of Wealth Study

- Over 550 successful women surveyed across the nation regarding their views on money, what they seek in terms of a financial advisory relationship and what critical issues they are facing now and anticipate in the future.
- BCG findings in 2009 indicate that the financial services industry is the worst industry at meeting women's daily needs.

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## FWAC Women of Wealth

- Women know what they want — especially women who have gone through a significant transition.
- The industry overall has a long way to go, although some advisors have committed to and are succeeding at serving women well.
- The financial services industry needs to carefully listen to what women are saying and learn to meet their unique needs — this could be the key to survival in an increasingly female-dominated market.

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## FWAC Women of Wealth

- 96% want to be understood for unique circumstances and their entire life picture.
- 90.4% want advisor to be looking out for HER best interests.
- Chose the wealth manager model 2 to 1 over stock broker or money manager.
- High value on advisors network and ability to refer to other professionals.



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## FWAC Women of Wealth: Differences

- 83% of married non-working women consider the death of their spouse to be a risk. 33% believe it is a major risk.
- 14.1% of working women do not have an advisor whereas all retired, widowed or women that have never worked report having an advisor in place.
- 81.2% of retirees see a potential decline in the economy as a major risk versus 51.9% of full time working women who feel that way.

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## FWAC Women of Wealth: Retired Women

- 71% of retired women chose the holistic approach of wealth managers versus other advisory models (versus 42.5% of working women).
- 54.6% of retirees feel it is critically important for their financial advisor to act as a financial quarterback with their other advisors versus 37.3% of working women.
- Almost twice as many retired women as working women felt it was critically important that their advisor be fee-only.

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## FWAC Women of Wealth: Widows



- Widows have more interest in working with female advisors: increases to 1 in 4 from 1 in 10.
- Highly value the quarterback model.

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## Communication Strategies and Deliverables for Widows

- 70% of widows change advisors within the first year of their spouse's death.
- In initial meetings, have a male/female team and watch the body language!
- More simplistic deliverables that address her concerns.
- Highly value the quarterback model: coordinate advisory team meetings.



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## Deliverables for Widows

### Prioritized Transition Plan

- Transition Asset
- Approximate value
- Beneficiary
- Status
- Responsibility



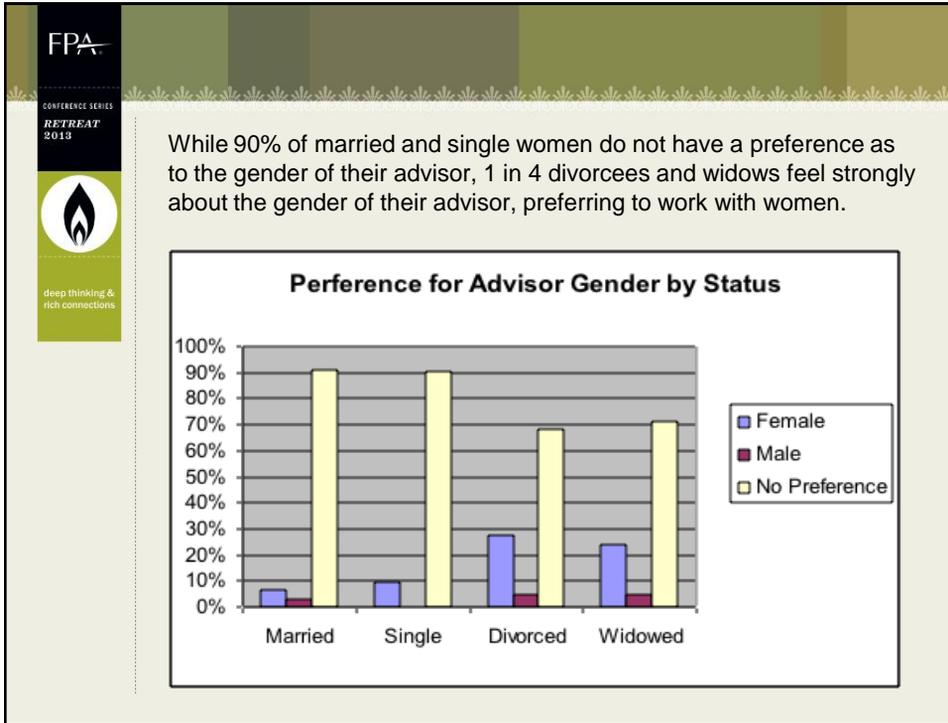
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## Simplistic Cash Flow

Account Name	Account Transition	Eventual Transition by type of account		Total Value
		Deposits In	Value	
Jan Checking		Wells Fargo	\$ 100,000	?
Jan IRA				
	Dave IRA rollover	\$ 376,000	\$ 376,000	
	CAT Retirement	\$ 1,200,000	\$ 1,200,000	
	XYZ Retirement	\$ 185,000	\$ 185,000	\$ 1,861,000
Jan Taxable				
	Life Insurance	\$ 444,000	\$ 444,000	
	Stock Option proceeds	\$ 674,000	\$ 674,000	
	Wells Fargo Bank a/c	\$ 736,000	\$ 736,000	
	Canton Key a/c	\$ 29	\$ 29	
	Major Saver a/c	\$ 56,000	\$ 56,000	\$ 1,910,029
				<u>\$ 3,771,029</u>
	4% SAFE ANNUAL WITHDRAWAL/SPEND RATE	\$	150,000	
		PER MONTH	\$ 12,500	



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## Communication Strategies and Deliverables for Divorcees

- Working with Divorce Attorneys: Establish yourself as an expert on valuation issue
  - Certified Divorce Financial Analyst (CDFA)
- Provide education that is tailored to their issues and learning challenges.
- Fee structure sensitivity.

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## Deliverables for Divorcees

- Comprehensive understanding of all potential costs (healthcare, education, tutoring, orthodontia, counseling...).
- Cash flow comparisons.
- Liquidity analysis.
- Closely held assets and trade-offs.

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## FWAC Women of Wealth: Healthcare and Childcare/ Sandwich Generation

- 80% of women who are either married or divorced believe that they will be called on at some point to help one or more of their children in crisis.
- 32% of *single* women also expected that they will need to help children in crisis.
- Advisors should not make assumptions about single women and the demands on them; rather they need to be sensitive to asking questions and understanding the demands on them even if they are childless.



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## FWAC Women of Wealth: Married Women

- Health challenges are a major perceived risk for 54% of married women; 33% consider the death of their spouse to be a major risk.
- 96% of married women perceived health challenges a risk (slight to major) to themselves or their spouse.
- Almost a quarter of married women do NOT feel comfortable calling their advisor on matters not directly related to their portfolio (other categories do) illustrating that advisor has not treated her as the primary client and may not have connected with her at all.



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## Communication Strategies and Deliverables for Married Women

- Be sure to make time for her to get her questions answered in a safe environment.
- Eye contact: body language.
- Interactive Education: Circles and Case Studies.
- Understand the complexity of everything that is on her plate and timetable of her routine.



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## FWAC Women of Wealth: Working Women



- Indicate that a career change is a top concern *in the coming year*. Many of our working women are planning a change.
- 86.2% of working women consider obsolete careers and eroding earning power as risks to their financial success.
- Look for some out of the box advice such as referrals for life coaching, family resolutions, advice on personal matters.



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## Communication Strategies and Deliverables for Working Women

“This generation may be better versed but doesn’t have time.”

- Transition planning.
- Time saving strategies.
- Webinars on timely topics of interest to target client.
- Referrals to more diverse scope of providers.
- Human capital development opportunities.



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## Deliverables for Working Women

### Transition Planning

- Job offers compared in terms of total value of all benefits and financial and retirement planning opportunities.
- Negotiating opportunities of value.
- Succession planning.



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## Communication Strategies and Deliverables for Women

- Women perform more due diligence **RELEVANT** to your ability to serve her specific needs.
- Women make financial decisions more based on values and priorities -saving for kids education- rather than what is hot.
- Building trust by providing regular education.
- Multiple case studies: be visual and be anecdotal.



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## Client Dynamics and Expectations

- Priorities change based on money journey and life transitions: segmentation.
- Tolerance for risk and fee sensitivity differences.
- Treat her as the primary client.
- Your network of references and services should differ based on niche market served.



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## Trends for Women as Advisors

- 30% of financial advisors and declining!
- 17% of wealth manager population but 4 of 5 top relationship managers.
- Woefully underrepresented across the industry despite being 2/3 of the workforce.

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## Attracting Women as Clients and Advisors

- Your office image
- Your company's presence in the community
- Your company's leadership
- Your relationships:  
Advisory Team/  
Board/Vendors



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## Key Takeaways

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## SHE-Change

"I think this is really a second women's revolution because this time we're not just fighting for a space in the world, we're fighting to change it... and we are going to bring the men along with us."

~Arianna Huffington