

Advising breadwinner women

Breadwinner women—women who contribute 25 percent or more of household income—are increasingly important as a market for financial advisors. But you may need to change your approach to appeal to them, as suggested by my experience, the findings of *What Do Breadwinner Women Want?*, and the fact that the 66 percent of women working with an advisor are not happy with that person.¹

Women: a growing market

For the first time in history, women control the lion's share (51 percent in 2015) of personal wealth in the U.S. In 40 percent of American families, the woman is now the primary breadwinner. In another third, she earns about the same as her partner. Ninety-five percent of women will be their families' primary financial decision maker at some point in their lives. Forty-eight percent of the nation's millionaires are women and at least two-thirds of the \$25 trillion in inter-generational wealth we hear so much about, will transfer to *daughters*, not sons. As breadwinner women control more of the nation's wealth, the wealth management marketplace is changing.

If your firm is stuck in the past, and you haven't noticed a significant shift in your firm's typical client, you should be concerned. But beware: changing the font to pink and hoping for the best will get you nowhere.

1. Access the *Breadwinner Women* report by my study group, the Family Wealth Advisors Council, at hemingtonwm.com/womenofwealth/. "Sallie Krawcheck's Solution to the Retirement Crisis," *Advisor Perspectives*, (June 29, 2015).

Service delivery gap

Your firm must pay attention to the "service delivery gap"—the difference between what breadwinner women seek from their financial advisor and what they get—to better tailor your service offering.

Although women have become wealthier, the Breadwinner Women study suggests the wealth management industry's service model has not changed to meet the needs and desires of this new generation of women. Breadwinner women seek a wide range of services from their financial advisors—such as coordinating with other advisors and creating charitable giving strategies and higher education funding strategies. However, as the graph from the Breadwinner Women study shows, they frequently do not receive them.

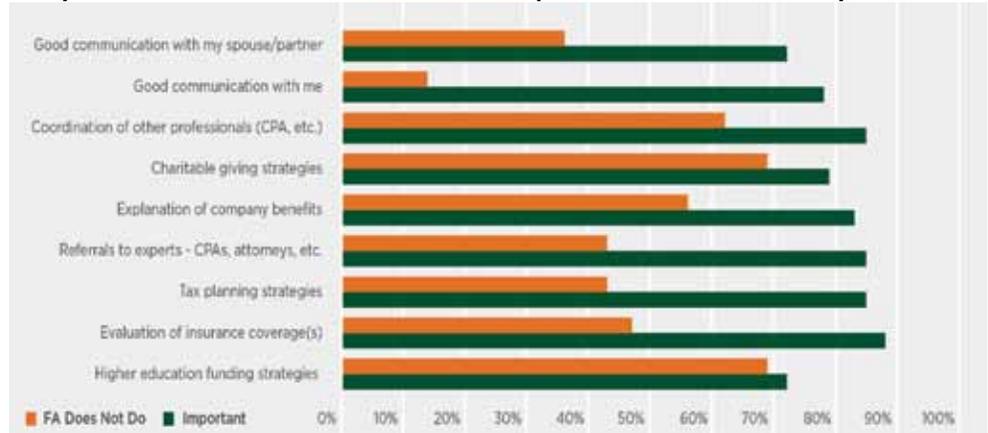
Service delivery gap

Women breadwinners value services unique to their individual situation, so you should discover their preferences before structuring a working relationship.

For example, most women breadwinners in the study indicated that coordination with other professionals is very important to them, yet more than 60 percent of advisors do not offer this service. Similarly, more than 85 percent of breadwinners reported that tax planning is very important to them but only 57 percent of advisors provide it.

This service delivery gap—the divide between what breadwinner women want and what they get—is obvious. It is no wonder why women find their relationship with their advisor lacking. In the Breadwinner Women study, the women currently working with an advisor ranked their satisfaction with the relationship on average as a 5 on a scale of 1 to 10—a very poor grade indeed. In contrast, a study by Merrill Lynch indicated that 90 percent of men say that the advisory profession serves them well. This is a massive divide, caused partly by the gap between what women need and what they experience. Apparently, men have different expectations.

Many Services Breadwinner Women View as Important Are Not Provided by Advisors



Source: *What Do Breadwinner Women Want*

Diversity beyond gender

The solution isn't simple. One thing to remember is that gender is a limited way to look at diversity and to appeal to breadwinner women. You need to broaden your definition of diversity beyond the typical characteristics of gender and ethnicity.

Expand your horizons to think of shared experiences so you can connect authentically with clients and prospects.

While women do not necessarily prefer to work with female advisors (because other characteristics are far more important), it has become increasingly clear that

shared experiences matter, whether the advisor is male or female. How can you expect to truly empathize with someone who is dealing with the sale of their business if you haven't been in their shoes?

For example, when pairing advisors with women, look for shared experiences such as caring for an elderly parent, having significant wealth to transfer to children (and the worries that come with that), or having kids with drug problems. At my firm, we encourage our advisors to think about their niche in term of life experiences, not in the more traditional niche definitions of gender, marital, or employment status.

Broaden your perspective on women, and you can deepen your client relationships and attract more diverse prospects. 

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|-------------------------------|-----------------|---------|---------|--------|--------|--------|
| Perkins Discovery Fund | 9.77% | 7.83% | 1.79% | 7.38% | -1.50% | 22.84% |
| Wilshire U.S. Micro-Cap Index | 7.69% | 8.82% | 4.66% | 12.31% | 4.21% | 25.23% |
| Russell 2000 Index | 5.79% | 7.74% | 5.44% | 12.13% | 5.86% | 22.87% |
| NASDAQ Composite Index | 6.53% | 10.03% | 8.96% | 15.91% | 11.68% | 26.80% |
| S&P 500 Index | 4.14% | 6.15% | 4.89% | 12.21% | 7.33% | 15.46% |

Gross Expense Ratio - 3.27% Net Expense Ratio - 2.50%¹

Performance data quoted represents past performance; past performance does not guarantee future results. The investment return and principal value of an investment will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance of the fund may be lower or higher than the performance quoted. Performance data current to the most recent month end may be obtained by calling 1-800-998-3190. The fund imposes a 1.00% redemption fee on shares held less than 45 days. Performance data quoted does not reflect the redemption fee. If reflected, total returns would be reduced. Investment performance for the fund reflects fee waivers in effect. In the absence of such waivers, total return would be reduced.

¹ The adviser has contractually agreed to cap expenses to 2.50% until at least July 31, 2017.

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