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Women, Wealth, and Your Practice

# Unprecedented opportunities

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*Wells Fargo Funds Distributor, LLC*

# Today's speaker

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**Meg Bavaro, CIMA®**  
Sales Manager

- Oversees a team of regional directors
- 25 years of experience in financial services
- Previously at SunAmerica, Pacific Life, and Travelers
- BA from UCLA and MBA from Pepperdine University

# What you will learn today

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- The scope of the opportunity in advising women
- Common investment challenges for women
- Women's expectations of their financial advisor
- Strategies to retain and serve female clients
- Tactics to grow your business
- Additional resources available to you

The opportunity

# Women control a lot of assets

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**51.3%** U.S. personal wealth controlled by women<sup>1</sup>

**\$25 trillion** Inheritance of Baby Boomer women expected by 2030<sup>1</sup>

**1 out of 5** Marriages with the wife as the top earner<sup>2</sup>

1. U.S. Census Bureau, 2010. 2. *Women and Philanthropy, Sharing the Wealth*; pbs.org, 2013. 3. forbes.com, 8-13-12.  
2. www.forbes.com; 8-13-12

The opportunity

# Women have a lot of spending power

**10.1  
million**

Women-owned  
U.S. businesses<sup>1</sup>

**#5**

GDP rank of a country  
of women-owned  
U.S. businesses<sup>2</sup>

**1 out  
of 5**

Single women  
who are  
homebuyers<sup>3</sup>

**67%**

Purchase  
decisions made  
by women<sup>4</sup>

1. Pew Research Center, 2013.

2. "The War on Women Fallacy," moneynews.com, 10-25-12.

3. National Association of Realtors, 2010.

4. "Financial Experience & Behaviors Among Women," Prudential Financial, 2012–2013.

The opportunity

# Women will set assets in motion, until ...

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## 15 years

Average time  
affluent Boomer  
women outlive their  
spouses<sup>1</sup>

## 70%

Women who fire  
their advisor after  
their spouse dies<sup>2</sup>

### Why does this happen?

- Women fire their advisors when they feel unheard or unengaged.
- Women are more dissatisfied with financial services than with any other industry that affects their daily lives.<sup>2</sup>

1. "Women and Money—Matters of Trust: Why It Matters to You," The American College of Financial Services, February 2010.

2. [www.forbes.com](http://www.forbes.com), 8-13-12.

The opportunity

# ... until they find a permanent home

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## 21:3

Ratio of referrals  
made by women  
versus men<sup>1</sup>

## Either

Gender of advisor  
preferred by  
women<sup>2</sup>

Good news for you:

When women find the right financial advisor, they are typically more loyal than men.<sup>3</sup>

1. *The \$14 Trillion Woman: Your Essential Guide to Engaging the Female Client*, Kay and DiLeonardi, 2009.

2. *How to Give Financial Advice to Women: Attracting and Retaining High-Net-Worth Female Clients*, Kingsbury, 2013.

3. "Advisors Fail Affluent Women," Spectrem Group, 2011.



Investment challenges

# Women may need an advisor at life's milestones



Changes in  
employment status



Changes in  
relationship status



Changes in  
family dynamics

Investment challenges: Changes in employment status

# Changing jobs can trigger other changes

**45%**

Employees who cash out a  
401(k) when leaving a job<sup>1</sup>

## Strategies for advisors:

- Emphasize the importance of 401(k) contributions, especially to take advantage of a company match.
- Look out for orphaned 401(k)s and recommend consolidating accounts or IRA rollovers.
- Consider whether a spousal IRA might be a good fit.

1. "Leave 401(k) or Roll It Over?" [www.bankrate.com](http://www.bankrate.com), 1-1-08.

Investment challenges: Changes in employment status

# Women approaching retirement need to plan

**46%**

Affluent women who worry  
about outliving their  
retirement assets<sup>1</sup>

## Strategies for advisors:

- Discuss income needs and sources of income.
- Uncover any retiree benefits from previous employers or a spouse's previous employers.
- Consult on strategies for taking Social Security benefits.
- Consider specific needs for small-business owners.

1. "Women and Philanthropy, Sharing the Wealth"; Bonnie Erbé; www.pbs.org; 2013.

Investment challenges: Changes in marital status

# Women getting married want the facts

**88%**

High-net-worth women who  
manage family assets<sup>1</sup>

## Strategies for advisors:

- Encourage a discussion of financial goals.
- Recommend exchanging credit reports.
- Consider new estate-planning needs.
- Discuss name changes and asset titling.
- Review same-sex marriage laws and challenges.

1. "Research Reveals Affluent Women Taking Control of Their Wealth"; *Trusts & Estates*; 5-5-09.

Investment challenges: Changes in marital status

# Divorce or death of a spouse can be a setback

## 1 of 2

Marriages that end in divorce<sup>1</sup>

.....

## 59

Median age of widowhood<sup>2</sup>

### Strategies for advisors:

- Discuss emergency funds.
- Recommend changing account passwords.
- Suggest ways to establish a separate credit history.
- Consider consolidating accounts for fewer statements.
- Uncover outstanding debts.
- Review asset titling, wills, and trusts.

1. Children and Divorce, [www.aacap.org](http://www.aacap.org), December 2013.

2. "The Female Economy," Silverstein and Sayre, *Harvard Business Review*, September 2009.

Investment challenges: Changes in family dynamics

# Caretaking erodes women's income

**\$325,000**

Lifetime income loss for female  
caregivers<sup>1</sup>

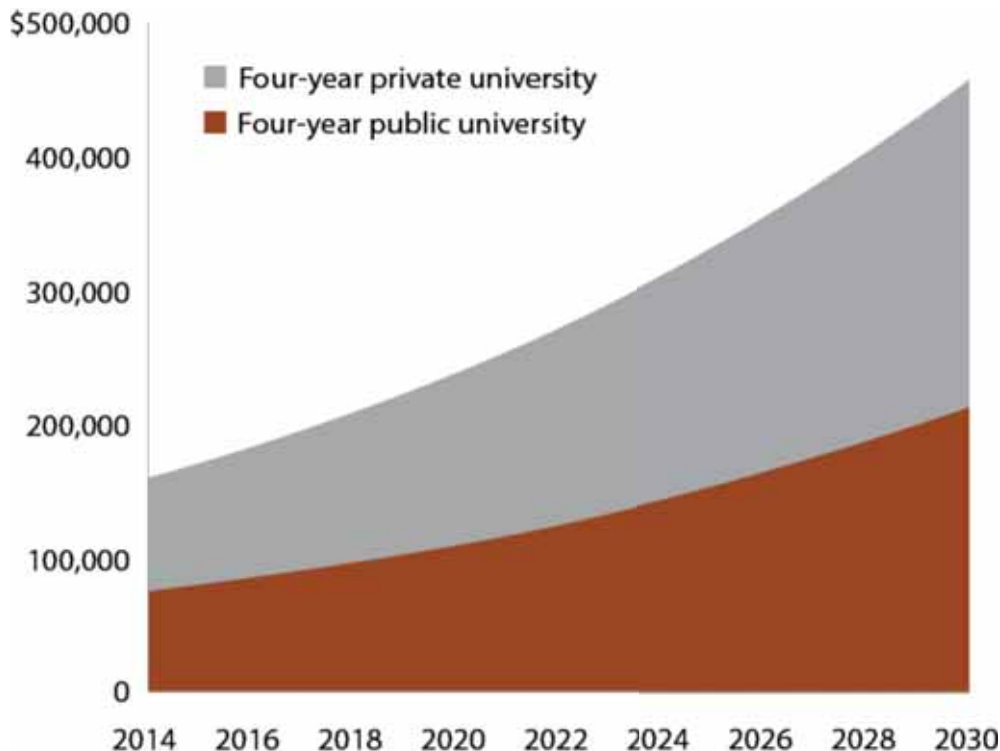
## Strategies for advisors:

- Ask whether clients are part of the sandwich generation.
- Suggest meeting parents and their advisors.
- Find out about anticipated inheritances.
- Update your financial plan to include potential lifetime income losses.

1. International Retirement Resource Center, 2013.

Investment challenges: Changes in family dynamics

# Children are expensive



## Strategies for advisors:

- Discuss strategies to help with escalating college costs.
- Ask about adult children living at home or receiving financial assistance.
- Consider estate-planning needs and whether leaving an inheritance is a financial goal.
- Discuss a POA for children over age 18.

Costs based on 2011–2012 estimate of average tuition and room and board in current dollars for four-year public and private universities according to the 2011 *Trends in College Pricing* published by The College Board. Projected pricing assumes a 6% annual increase in college costs.

Expectations of advisors

# What do women want from an advisor?

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- A collaborative approach
- A human connection
- An education
- An inclusive process



Expectations of advisors

# Recognize the subtleties of women versus men

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|                           | <b>Women</b>               | <b>Men</b>            |
|---------------------------|----------------------------|-----------------------|
| Wealth is ...             | Security                   | Status and power      |
| I will manage it ...      | Collaboratively            | Alone                 |
| I confer with ...         | Friends, peers, relatives  | Smaller group         |
| I make decisions thru ... | Conversation, interactions | Data, statistics      |
| Contact me ...            | Regularly, often           | When work is complete |

*“The financial services industry prefers to treat all clients as gender-neutral, even though there is clear evidence this is a mistake.”<sup>1</sup>*

## Strategies

# Be proactively inclusive

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“ A man is nearly twice as likely as his wife to feel he has his advisor’s attention in meetings.<sup>1</sup> ”

## Strategies for advisors:

- Invite both spouses to meetings.
- Be sure to engage with both spouses during the meeting.
- Don’t forget that small talk matters: Engage both in conversation as well.

## Strategies

# Emphasize the relationship

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“After you’ve established trust, women are more likely than men to seek financial advice.<sup>1</sup>”

## Strategies for advisors:

- Meet at least twice before discussing financial products.
- Have her describe financial concerns and goals.
- Share stories about other clients in similar circumstances.
- Ask for referrals to show the strength of the relationship.

## Strategies

# Appeal to women's philanthropic side

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“Women are typically more likely than men to act on their philanthropic values.”<sup>1</sup>

## Strategies for advisors:

- Ask about clients' philanthropic interests.
- Participate in charitable efforts that are visible in the community.
- Invite clients to join in your charitable activities.

1. "Women and Philanthropy, Sharing the Wealth"; Bonnie Erbé; www.pbs.org; 2013.

## Tactics

# Take action to grow your business

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- Consider multigenerational meetings.
  - Invite female clients to bring their mother or daughter to a meeting.
- Hold a client appreciation event for women.
  - Bring women together to share needs and challenges to help build trust.
  - Provide valuable insights to increase credibility.

# What we covered today

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- **The opportunity**
  - The demographics have changed and the assets have shifted. The industry can't ignore women.
- **Challenges**
  - Changes in employment, marital status, and family dynamics are an opportunity to provide advice. Demonstrate that you add value.
- **Expectations**
  - Be collaborative. Build a relationship. Communicate often.
- **Strategies**
  - Make sure you are meeting with both spouses and both are engaged with you.
- **Tactics to grow your business**
  - Think about other generations. Commit to the community.

# Women and Wealth resources

## For advisors:

### Women, Wealth, and Your Practice solutions:

- Capture the Opportunity
- Attract Women of Wealth



## For clients:

### Women and Wealth solutions:

- The Power of Your Money client presentation
- Taking Control of Your Financial Well-Being client action step guide



# Additional resources

## Essentials of Excellence

Grow business · Manage risk · Evaluate investments



Today's presentation is part of our *Essentials of Excellence* resources that were developed with industry experts to connect you with solutions such as:

- Get specialized
- Generational wealth transfer
- Seminars and events
- Risk insights
- Investment insights
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