



INVESTMENTS



ADVISOR ADVANCEMENT INSTITUTE

Keeping Pace with the Evolution of Wealth



Women control an increasingly large portion of wealth in the United States, but when it comes to investing advice, they're often overlooked.

How Women Are Challenging Traditional Investing Norms and Why Financial Advisors Must Adapt

New York Life Investments (NYLI) is committed to helping advisors attract and retain high net worth women clients to grow their businesses while better serving this important demographic.

Research shows that women investors face a unique set of financial challenges and responsibilities, and they're most satisfied with financial advisors who offer them holistic, personalized advice.

Advisors looking to work with women should tailor their approach to marketing, consulting, communications, and servicing to provide more empathetic and education-driven support. They must rethink their existing relationships with women clients and challenge assumptions as they solicit new business.

Mapping the Evolution of Women in Finance

Women increasingly control more wealth and hold greater financial decision-making power.



Twenty years ago, there were just 11 women billionaires around the world,¹ but today that number has risen to 369.²

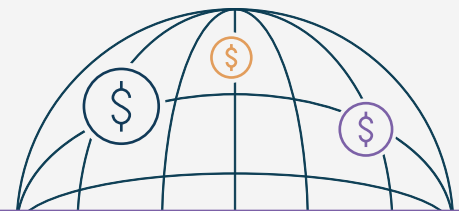
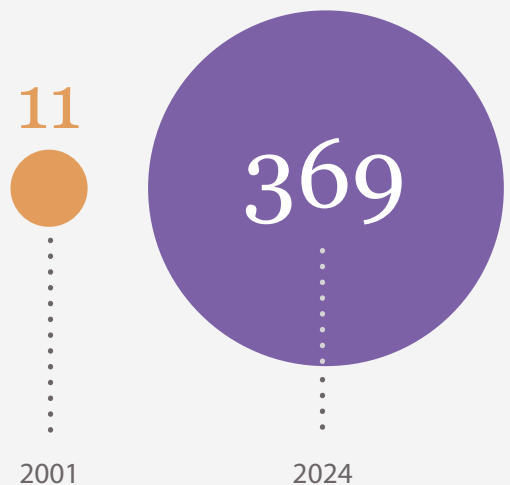
In the US, women control over half of personal wealth, or \$22 trillion, and their share is only expected to keep rising.³

That's largely due to changing demographics. As the baby boomer generation—the wealthiest in history—ages, its members are set to transfer trillions of dollars to descendants and spouses. Because wives are 60% more likely to outlive their husbands, women will inherit a disproportionate amount of that wealth—some \$28.7 trillion over the next 40 years.

Other social trends driving women's wealth include improving wage equality, higher levels of women in self-employment and entrepreneurial activities, and more women holding managerial and leadership positions.⁴

Women also hold more sway when it comes to making financial decisions.

Women billionaires around the world



Today,
96%
of women either share in or are primarily in charge of financial decisions.⁵



Unique Client Needs

Financial advisors must understand how women's profiles differ from those of traditional men clients. Their goals—and the decisions they make—will have long-term impacts on the financial investment sphere.

For example, NYLI research found that saving for retirement was the primary investment goal for 56% of women.

It outranked "ensuring your independence," "starting your own business," and "saving for education of children." That's likely because, on top of typically living longer than men and therefore needing to fund longer retirements, women are often paid less than men and are more likely to have had career interruptions to care for family, lowering their lifetime earnings potential.⁶

Financial advisors who understand women clients' unique challenges, interests, and needs can better address their concerns when building wealth management strategies and help bring them closer to their goals.

For example, women are more likely than men to own household spending decisions, controlling on average 70% to 80% of all consumer purchasing, which gives them a high-level view of expenses and available assets.⁷ Notably, they also tend to be interested in environmentally friendly and socially conscious investments. And they're often less comfortable with risk.

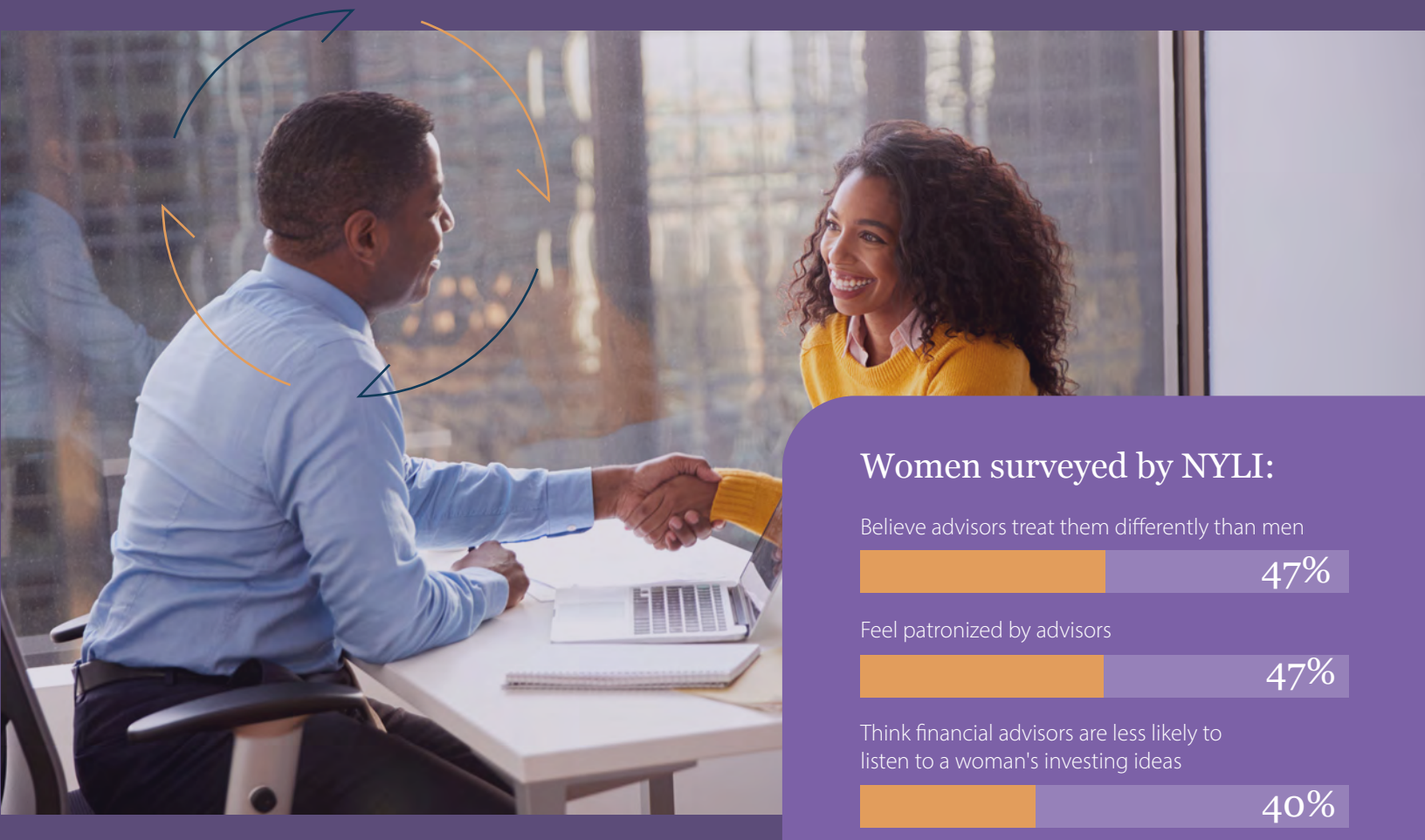
While 62% of NYLI survey respondents believe women have unique needs when it comes to investing, only 33% said their current advisor recognizes and deals with those needs "extremely well."



“ My biggest hope for my advisor is that he can really get familiar with my situation and its idiosyncrasies so that I can trust that he's doing all he can to effectively manage my money.

.....
— one survey respondent

Rethinking Old Ways



Women have historically been an afterthought in wealth management.

Even today, as high net worth women become an increasingly significant class of investors, some advisors are slow to adapt. The Boston Consulting Group found that many banks' and wealth management firms' attempts to tailor products for women are based on "superficial" gender distinctions or reflect outdated assumptions and gender roles.⁴

Women surveyed by NYLI:

Believe advisors treat them differently than men

47%

Feel patronized by advisors

47%

Think financial advisors are less likely to listen to a woman's investing ideas

40%

Feel that advisors consciously or unconsciously push them out of financial conversations

40%

To change the status quo, 30% of women consider it important to have at least one woman on their financial advisory team.

"I'm a CFO and my husband knows nothing about money," one investor told NYLI. "We would sit there talking to [our advisor], and my husband would say, 'You should talk to her,' yet they still directed the questions to him."

Actions for Advisors

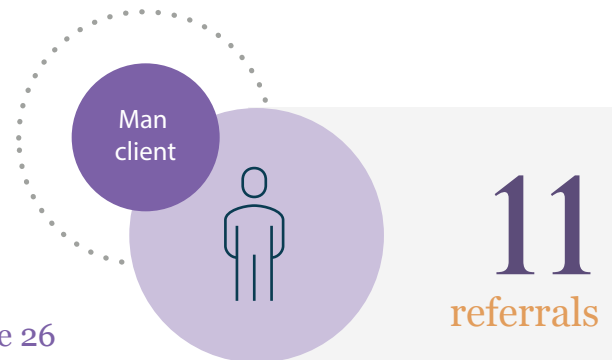
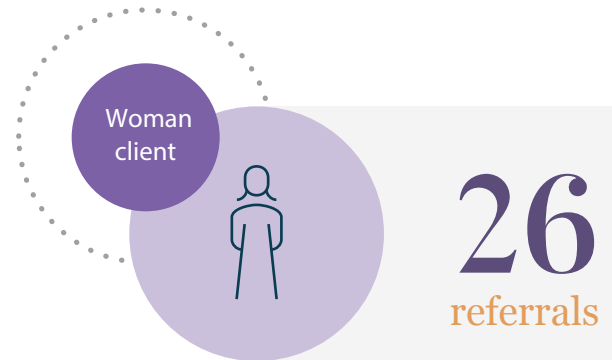
Advisors must avoid unconsciously excluding women.

When working with couples, they should check that both partners are included on meeting invitations and that the primary earner's name is listed first on accounts. In meetings, advisors should acknowledge both partners, ask their opinions, and ensure they both feel heard.

Financial advisors who don't do so could risk losing business. Among women who switched advisors in the last two years, nearly one-third said they didn't leave due to investment performance but rather to find someone they were more comfortable working with. Specifically, they cited poor customer service and a lack of personal connection.

But rethinking client relationships can help advisors grow their clients' investments and portfolios and improve their own businesses. More than half of women share their experiences with financial advisors among friends and family.

Over a lifetime, women on average make 26 referrals to their financial advisor, compared with only 11 referrals made by their men counterparts. In other words, satisfied women clients can help advisors win more clients.



It's therefore crucial for financial advisors to tailor their offerings to suit this demographic. While investment knowledge is still the most important factor for women, when it comes to selecting a financial advisor, 96% say finding someone who "takes my concerns seriously" is an extremely or very important factor as well. Women investors also say they want an

advisor who "treats me with the respect I deserve," is "a trusted partner," and "takes the time to understand my specific financial needs."

Advisors should see these client preferences as opportunities to attract new business and retain existing clients by customizing their approach to better satisfy women investors' needs.

Forging a New Path

High net worth women want advisor relationships that make them feel understood, empowered, and respected as intelligent partners. NYLI found that the top five attributes they look for in a financial advising relationship are empathy, education, financial wellness, alignment, and communication.

Empathy

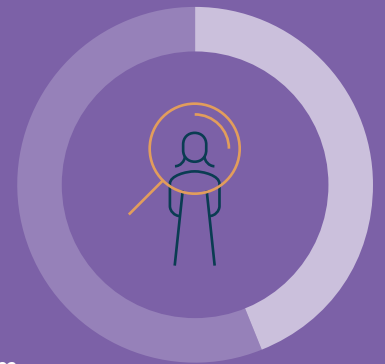
Empathy refers to one's ability to understand and share the feelings of others, and it's critical to building personal connections with clients. Empathetic advisors connect with clients on a personal level, understand their specific needs, and treat women the same as men clients. Along with taking their concerns seriously, fifty percent of women seek out advisors who will have their back "no matter what."

Education

Another critical attribute is the ability to educate clients. Many women investors are interested in participating in educational events and courses. Twenty-five percent of women believe they have less access to financial education. Thirty-two percent of women who don't work with financial advisors find it challenging to find reliable information about investment products. Advisors can help women clients enhance their financial education by organizing training events and hosting "Ask Me Anything" sessions to answer crowdsourced questions. They can also encourage women to bring their friends or family to meetings to learn alongside them.

44%

of women investors consider it extremely important that their advisor learn about them as a person.



Only

56%

of women are confident in their knowledge of the markets.



Financial Wellness

A third key factor for women investors is financial wellness. They want their advisors to apply their knowledge holistically, bearing in mind their specific needs. They also want their advisors to build plans for comprehensive financial wellness, rather than simply selecting investments.

57%

of women investors said that understanding their unique financial needs is very important.



Alignment

Equally important is the ability to align with women clients' values and invest in their success. Women seek out advisors who understand their goals. Factors that can drive alignment include understanding clients' risk tolerance, treating them as equals, and knowing what it means to be a woman in their specific situations.

More than

25%

of women believe financial advisors find it difficult to relate to them.



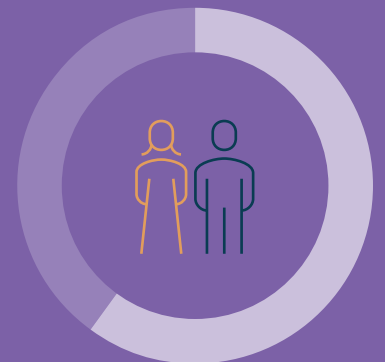
Communication

The final key attribute is good communication. Women prefer communication systems that are adjusted to their needs. "I prefer face-to-face time," one woman investor told NYLI. "It makes [the advisor] a real person, they can give you a visual presentation, it holds them more accountable. It's more of a relationship, and I feel more trust." Women also value direct language and transparency; 93% said it was extremely or very important that advisors avoid using jargon. By holding meetings on their terms, offering educational opportunities, and delivering growth, advisors can help their women clients feel secure and connected. Doing so also builds trust and leads to deeper, more valuable client relationships.

More than

60%

of women prefer meeting advisors in person.



Personalizing the Advising Relationship

To address women investors' unique needs, advisors must master the five skills above with the ultimate goal of personalizing their client relationships. In a survey of financial advisors by The Wall Street Journal and Barron's Group, 44% of US respondents said personalization was a strong incentive driving new business.⁷

To personalize client relationships with women investors, advisors should try to understand how clients feel about their finances—whether they're concerned or confident. They should also consider a client's stage in life and how that affects their situation.

In meetings, advisors should follow their women clients' lead; for example, clients may want to begin by talking about their lives before delving into their finances. Advisors should also ask women if they have ideas of their own they would like to share. Fifty-six percent of women fall into the "values-driven" consumer profile, with 73% interested in discussing sustainable investment options. Advisors can personalize portfolios by asking women investors about their passions and interests and letting them know how they can align their portfolios with their values.

Advisors can further deepen client relationships by connecting on social media and hosting events outside the office, such as tours or local volunteering opportunities. They should also celebrate successes with women investors in ways that demonstrate true partnership.

Taking the time to understand women clients' needs, speaking to them in a language they understand, and treating them as equals can drive client satisfaction and boost opportunities for client acquisition and retention.



“ Since low fees have become the industry norm, the key to attracting new clients now lies in the advisor's ability to construct highly personalized, diversified portfolios.

— WSJ/Barron's Group research found⁷

Seizing the Opportunity

New York Life Investments is dedicated to helping financial advisors forge more productive, profitable relationships with women investors as they become an increasingly important client segment.

To improve woman client retention, financial advisors must rethink traditional roles, break unconscious exclusion, and salvage strained relationships.

Equally, they should build deep personal connections, operate on clients' terms, and adopt an education-driven approach to increase woman client acquisition.

These steps can not only help financial advisors provide high net worth women with better advice and service but also enable advisors to grow and better manage their businesses.



Learn more
about how to
attract and
retain women
investors.

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Sources:

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Insights presented in this report are derived from 2019, 2020 & 2023 studies conducted by NY Life Investments in partnership with RTI Research.

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