

# As Women Gain in Earning Power, Challenges In Investing, Planning For Retirement

## Information Age Helping Close the Confidence Gap

By Laura Alix



To a layperson, the financial services industry can seem like it's cloaked in mystery. When you layer traditional gender roles on top of that perceived shroud of secrecy, that can add up to trouble for women, for whom financial planning is especially important.

Sandra Greer, a trust and investment officer with First County Advisors, the wealth management division of First County Bank, finds that troubling. In her work, she often meets intelligent, driven women who are, for whatever reason, OK with the stereotype that the family finances are a man's domain.

"It's not just women, but there is a disproportionate impact on women," she said. "There's no deep mystery, but there is this sense among a lot of women I talk to, like, 'I don't want to make a mistake or say something stupid,' or 'Am I allowed to ask this?'"

Though financial planning and saving for retirement are important issues for people of all genders and backgrounds, they're especially salient for women.

For one thing, women tend to outlive their spouses – at least in heterosexual partnerships. While the gender gap in life expectancy is narrowing, the 2010 U.S. Census found the proportion of women aged 90 or older still outnumbered men in the same age categories. Earlier census data estimated that nearly 700,000 women lose their husbands every year and remain widows for an average of 14 years. Further, while 32 percent of women aged 55 and older are widows, just 9 percent of men in that age group are widowed.

For another thing, women tend to make less money over the course of their lives. Perhaps that's due in part to the fact that women tend to take more time out of the workforce to raise their children and care for aging parents and in-laws (and that's time that they probably aren't contributing to a 401(k) or other retirement savings plan).

But even as women juggle more responsibilities than ever before, they're also earning and inheriting more.

The BMO Wealth Institute estimated last year that women now control about 51 percent of the wealth in the United States and projects that proportion to rise to 67 percent by 2030. And an oft-cited 2009 study out of Boston College's Center on Wealth and Philanthropy projects that women will inherit about 70 percent of the \$40 trillion in wealth that's set to change hands over the next 40 years.

But when a family's financial matters have been largely the man's domain, as has often been the case in older generations, that means a steep learning curve when a death or divorce happens, adding to an already stressful situation.

As a trusts and estates attorney with Day Pitney LLP, Leiha Macauley has seen this all too often. "We see it quite frequently with widows and it adds an incredible amount of stress to an already stressful situation," Macauley said. "If you're coming into unfamiliar territory and sitting down with a lawyer you may not have worked with before and now you're filing the tax returns. ... It's a lot when you're also dealing with the loss of a spouse."

### **The Confidence Gap**

It's not that women are necessarily lacking in knowledge. To the contrary, the financial planners who spoke to The Commercial Record for this article said their female clients are just as competent as their male clients; the problem is, they don't always know it.

"The No. 1 issue I see is that there's a mental block that finances never was for them," said Nora Yousif, a Certified Financial Planner and associate vice president and financial adviser with RBC Wealth Management. "That's a mistake, because it makes them less apt to talk about finances in the workplace and ask for more money."

That mental block can also lead to unwise financial decisions after a death or divorce, she said. Sometimes women don't know that widows can collect 100 percent of their deceased spouse or ex-spouse's benefits under Social Security, she said. Or she'll sometimes see women hold onto a house they can't afford after a divorce or sacrifice their retirement savings to put their kids through college.

But the confidence gap is beginning to close.

"I do see a shift that's happening. When I meet with younger couples, it's rare that I will only meet with the husband," Macauley said. "I see more husbands in Gen X and Millennial couples are consulting with their wives and spouses on retirement decisions, estate planning and tax decisions. There's much more

communication and involvement of both spouses equally.”

Greer thinks the sheer volume of financial information that’s available to everyday consumers is having an impact, too. Once upon a time in her career, she said, she would field queries from curious clients who would hear about a particular company, maybe at a dinner party, and wonder if they should buy stock in it. Often they relied on word of mouth and didn’t even know what the company did.

“Now, in today’s world, I have 85-year-old clients who have CNBC going in their kitchen all day long and are coming to me with incredibly insightful investment ideas,” she said. “That is every bit as much a function of how our world has changed and the accessibility of financial information. There’s no way to really describe how night and day it is.”

### **Demanding More**

The financial services industry is increasingly waking up to women’s increased earning power and their demand for financial education.

Yousif, for instance, hosts a regular educational series called “Wine, Women and Wall Street,” where she pairs a wine and appetizer tasting with financial education and personal development. A third-generation financial advisor, Yousif wanted to create a “fresh, casual and comfortable” environment for women to learn about finances. She launched the series with just a handful of women, but now it sells out to standing room only.

The private banking firm Brown Brothers Harriman has also launched the Center for Women and Wealth. “We formed the Center for Women and Wealth specifically to engage women in the planning and wealth management process and to make sure we’re supporting women as they create capital and create wealth,” Executive Director Adrienne Penta said.

The center works with the Babson Center for Women’s Entrepreneurial Leadership on academic research, and it publishes the quarterly Women & Wealth Magazine. The center has hosted events focused around the themes of women on corporate boards, work-life balance and closing the confidence gap.

And Greer described late nights hosted at a client’s home, where she would talk with a dozen or so women about all manner of financial planning. As somebody who advises clients on all manner of personal financial matters, she thinks it’s incumbent upon the financial services industry to make that information open and easy for clients to understand.

“The truth is, this is just being a well-informed consumer,” she said. “My feeling is, if you’re walking out and you don’t understand what I said, it’s not your problem, it’s my problem.”