



Our
Insights

How advisors can create more meaningful relationships with female clients



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See the column on The Globe and Mail's website [here](#).

To make women feel more comfortable, advisors should create a safe space for open dialogue without fear of judgment. That requires patience and reinforcement.

An increasing number of women in high-earning roles want to take control of their finances. By 2024, women are projected to possess more than 50 per cent of the total private wealth in Canada.

While the size of this cohort is undeniable, more than 90 per cent of women will have to make financial decisions alone at some point in their lives as they outlive their husbands or inherit wealth from family. However, 80 per cent of widows switch financial advisors within a year of their husband's death. Women are still considered underserved in wealth management.

When it comes to serving female clients, too many advisors rely on outdated assumptions about what women are looking for, resulting in financial guidance that can feel shallow, at best, and condescending, at worst.

While every person is unique, studies and experience show there are differences between men and women's investment philosophies. For example, women are generally more risk-averse and less confident in their financial literacy than their male counterparts.

While socially ingrained gender roles certainly play a role in these different approaches to money, the confidence gap between men and women highlights the need for advisors to do a better job of encouraging and supporting women to achieve their goals.

Building trust through active listening, education, and encouraging questions will guide more women through the path to financial literacy.

Unlike men, who tend to be more overconfident and optimistic about their finances, women are often slower to make investment decisions and seek more information about the risks associated with a strategy. To make women feel more comfortable, advisors should create a safe space for open dialogue without fear of judgment. That requires patience and reinforcement.

Focus on goals-based wealth management

When considering financial goals, women often have a greater focus on real-life circumstances and want reassurance that they're saving enough money to put their children through post-secondary education and retire comfortably.

Common fears for women are that they will run out of money within their lifetime or that their children will “fail to launch” into independence in adulthood.

To mitigate these fears, advisors should approach worries with high degrees of empathy, offering comfort and a plan that's unique to what keeps the client up at night. Rather than dismissing financial concerns as irrational or downplaying them, advisors should listen intently with the goal to uncover the hidden issues that are being conveyed, which often have nothing to do with money.

Providing detailed plans that outline financial projections and account for worst-case scenarios or unexpected events may alleviate the emotions behind financial decisions, uncovering the psychology of money that's inherent in all of us.

For example, if a client is worried about her children's relationship with money, advisors can offer education, tools, or advice to guide the family's money mindset.

Good advisors transform into a life coach who guides clients through life's transitions. A great advisor will oftentimes have to play a difficult role and provide the necessary tough love to make meaningful and lasting change.

That may mean sharing the truth that a family cannot afford to put their child through private school if they want to retire comfortably.

The key to financial success is often found in trade-offs, and advisors have a responsibility to have those challenging discussions with clients because it's in their best interest.

Planning together

When working with couples, it's critical advisors engage both men and women to ensure their unique voices are heard. While it's not always necessary to have both parties involved in the day-to-day finances, it's important to involve both parties when developing a holistic wealth management plan and tracking progress toward goals.

For couples who take a “divide and conquer” approach to managing money in which one person manages household expenses while another manages the family's savings, it's important that both parties have a comprehensive understanding of how their spending and saving habits impact financial goals.

That requires both partners to understand the real costs associated with running a household, or how much a family will need to save to maintain their lifestyle during retirement.

If advisors are only engaging with one member of a couple when preparing a financial plan, they're only getting half of the story, and likely not setting realistic expectations.

Equally, when advisors assume both parties are aligned on goals and budgets without getting confirmation from both partners, that may create further barriers in communication and alienate one partner unintentionally.

Nurturing the relationship

By engaging both individuals actively, advisors can understand the couple's joint and individual goals better while also ensuring each partner feels catered to.

But inviting both parties to the conversation is only half the battle. Advisors need to find ways to engage and connect with their female clients so they can build trusted relationships. That could be as simple as asking about their children, job, or personal interests, or may require more active long-term engagement like supporting them through a major life transition.

As money can still be a highly emotional and even taboo topic for women, advisors need to find ways to build rapport and lay the foundation for more meaningful discussions with women concerning their finances.

Domestic and caregiving roles still fall to women disproportionately, and they're often trying to juggle these personal responsibilities with financial and professional goals. Working with advisors should alleviate some of these pressures, and make women feel confident that their work, life, and family are being watched over and in unison.