

Women & Wealth Part II: Breaking down the walls of an old boys' club

Managing Your Money

LYNN MacNEIL



Last month we noted that during the coming 5 years women are expected to control about 50% of the wealth in Canada¹, but they remain largely underserved by the wealth management industry. Today we discuss how understanding the financial industry's efforts to migrate from its "old boys club" roots can help women get better service.

Just prior to the pandemic I met a successful businesswoman (who I'll call "Carla") who was recently widowed. When Carla went to meet her late husband's advisor, she described the experience as being "talked down to." He assumed her wealth came from her husband. He was wrong. It turns out she was financially successful in her own right and smart too. The next week she was talking to other financial advisors. Soon after she was in my office.

"Seventy percent of women will leave their advisor within 18 months of losing their spouse."

I have heard many similar complaints over the years from many female clients: "He barely looks at me when he talks to me." "He assumes I don't understand, or I'm not interested." "I don't feel he cares about me, but only about my money." I could go on!

Women are unlocking their financial power.

Some say that the key problem relates to the fact that 85% of financial advisors are men and that women advisors are more in tune with current demographic shifts. But in truth society is changing so quickly that the entire industry hasn't adjusted fast enough.

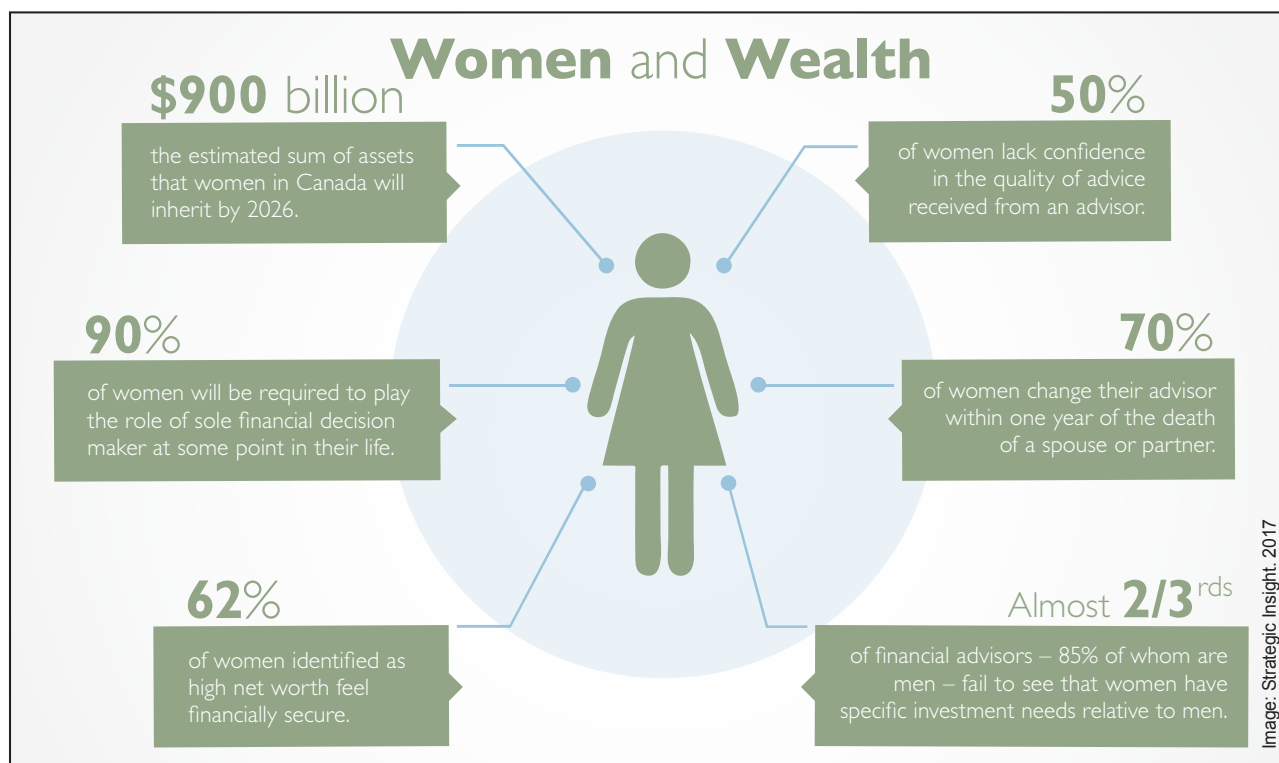
Investors aren't waiting around. One frustrated woman came to see me after sitting quietly through a meeting with her husband and their advisor. "I may have appeared not to be interested in the details," she said. "But in reality, I was assessing whether or not I could trust him." Her conclusion was no.

Few recognize the degree to which women often hold the purse strings, despite men generally being regarded as the primary financial decision makers. In fact, 70 percent of women will leave their advisor within 18 months of losing their spouse, due to the lack of trust in the relationship.²

Stereotypes about women

One step that women investors with male financial advisors can take is to speak out. Many financial professionals believe the stereotype that women are risk adverse. However, women are equally interested in investment opportunities, and are willing to take risks. The real risk to many female clients is that they get pigeonholed into certain investments based on stereotypical or "traditional" advice that may not fit their needs or their wants.

Maybe it's my natural instinct as a woman, or maybe it's how I would like to be treated as a client, but I am far more interested in delving into how your life



shaped your views on money, and what your goals and concerns are, than going through pages of charts and graphs about an investment product.

For example, I find that many women are surprised when I ask questions such as "what was money like growing up?" or "what issues keep you up at night?" It's as if they'd never been listened to before.

The role of financial institutions

Financial institutions increasingly recognize that they need to better train advisors about how to improve the way they work with female clients. I am lucky because I work for a firm that had a woman at its helm in 1939. Muriel Sprague Richardson, was the subject of a Maclean's magazine feature article which declared her to be "the shy baroness of brokerage". She was clearly ahead of her time and cast a big shadow.

As women's wealth grows, financial institutions are also increasingly turning to their female investment advisors for insights. For example, women investors and clients generally like to collect more information and take more time before making investment decisions. They often take a more educational approach. I am told that female investment advisors tend to be accommodative of this approach, a quality that is also appreciated by men.

"Boston Consulting Group's research shows that female investment professionals perform as well as or better than their male peers."

That approach is paying off. According to Boston Consulting Group female investment professionals not only perform as well as or better than their male peers with investment returns, but also that clients working with females feel their advisor is acting in their best interest.³

There are many excellent financial professionals out there, male and female, who take the time to truly understand what is important to their clients. Women

need to be confident in having higher standards and getting their needs met. They need to be empowered to take a prominent seat at the table; and when they get there they need to speak out.

Next month, we'll look at the additional risks women face, how to mitigate them, and what natural advantages women can use to increase their likelihood of financial success.

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SPECIAL EVENT

We will be hosting a virtual event this fall with a special guest who will present **WOMEN: WIRED TO INVEST – Unlocking your financial power.**

All are welcome! Visit our website: www.EphtimiosMacNeil.com under "EVENTS" to find out more and request an invitation.

¹ Investor Economics Household Balance Sheet Report – Canada, 2017

² Boston Consulting Group, Women Want More, 2009

³ Managing the Next Decade of Women's Wealth. Boston Consulting Group. April 2020