



Women & Wealth

For more than 20 years, GenSpring has focused on women and wealth, the unique set of values women bring to the various discussions surrounding wealth, and how and why these values form. We've allocated resources in this area because we recognize money management means way more to women than simply asset allocation and risk tolerance.

The emotional aspects of wealth – such as values, passion, and long-term goals – play an important role for women, as does the history of their wealth. Exploring your money history not only uncovers your underlying values around money, but how and why those values formed.

Consider the following questions:

- What is your first memory of money?
- When was the first time you earned money?
- What messages did your parents give you about money?
- What is your memory of how your parents handled money?
- How have your family values impacted your views about money?

Answers to these questions will provide some insight into your attitudes around the concept of money. For instance, you may have received a different message

from your mother regarding spending than you did from your father. Perhaps that was a source of tension between your parents during your growing-up years. Such conflict could impact the way you interact with others around money.

A WOMAN'S VIEW

Label it as you will – Mars vs. Venus; Battle of the Sexes – men and women view money and wealth differently. Women prefer to learn about money in person and from each other.¹

Women worry about running out of money – even women with substantial assets fret. They worry about their kids, their kids' future, and their ability to maintain the wealth in order to transfer it to the children. They are less concerned about amassing wealth and more concerned with how their “financial plan will affect their children and grandchildren.”²

Women, by and large, play the caretaker role in families – a role that doesn't magically disappear at a certain age. They are relationship-oriented. Many women feel it is their duty to take care of loved ones – even at their own personal expense.³

Historically, life events such as illness, divorce, death of a spouse or partner, would require a woman to take a more proactive role in her financial planning.

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Current research, however, indicates it is imperative for women to understand their wealth, feel confident in its management and be qualified to secure its future.

Research shows that “9 out of 10 women will be solely responsible for their finances at some point in their lives.”⁴ Add to that, women are creating wealth and typically inherit from their parents and outlive

their spouses, making them the sole controllers of their wealth.

Women are also more educated than men – earning more undergraduate and graduate degrees.⁵

It is no wonder that women now control 51 percent – 14 trillion – of our country’s wealth. And that number “is expected to grow to 22 trillion by 2020.”⁶

A Client’s View

This client’s relationship with wealth formed around her partnership with her husband. She believes she was part of the wealth creation and that she was also a breadwinner. From her perspective, women who weren’t the actual breadwinners have a different relationship with wealth. They believe their spouses created the wealth. In her case, she said her husband didn’t make it sound like the wealth was just his; they were in it together. She worked to earn the wealth by raising the kids, which gave her husband the freedom to work in the business and travel when needed.

Their wealth was their money, which they created as a team. She had full access to their money, which was in a joint account.

Looking back now as a widow, our client said she wishes she would have paid more attention when her husband was talking to her about their wealth. He was smart, she said. She knows she would have really learned a lot from him.

WOMEN AND INVESTING

A general theme emerges across research regarding women and investing: Women don’t make investment decisions exactly as men do.

Studies support, for example, that women do tend to be more risk-averse than men. However, a recent article suggests it “may be more accurate to say that women are more risk-aware.”⁷

In fact, a recent survey suggests that women are protective of their portfolios in that they focus more

on defensive strategies and tend to buy and hold their investments instead of constantly changing their investment allocations.⁸

Women also tend to organize their investments around their values and for specific purposes relating to their own security and the well-being of others. The success of these investments is measured by being able to meet those purposes.⁹

For instance, in general, women are concerned about their communities and the impact their

wealth will have on future generations. These values around legacy (i.e. covering education expenses for grandchildren or commitments to charitable organizations) are often reflected in the way women invest their capital.

Research shows women invest to meet their goals rather than to beat the market.¹⁰ To this point, a recent study revealed that 84 percent of women were interested in sustainable investing, an investment approach that further allows women to work towards their social and environmental goals along with their financial goals.¹¹

What seems to have the most impact on investor behavior is men's and women's reported level of financial knowledge. Women may know as much as

men and probably have more experience than they give themselves credit for, but they tend to show less confidence in their investment knowledge.¹²

In addition, studies show that "women and men have similar financial priorities," but women often lack confidence in making the necessary "successful investment decisions."¹³ This actually works in women's favor, as it usually makes them more cautious and as a result they outperform men by a small percentage in investment returns.

So, despite the stereotype of women being the more emotional gender, industry research tells us that women are less emotional when it comes to investments, which supports their goals of investing for the long term.¹⁴

A Client's View

"Teaching financial responsibility is not about reading and studying," this client said. It is taught through "example and involvement."

This client has a tremendous grasp of global economics and investing due to studies, life experiences, and a husband who insisted she sit in on financial meetings to be able to act on her own in regard to their wealth. As the matriarch, she shares her husband's creed with their children: "Don't spend the capital. Capital makes you money."

She says she wants to reach the younger generation through the family foundation, which she feels is a great instrument for teaching without being imposing.

She hopes the next generation will gain an understanding of how they will be solicited by everyone; the importance of analyzing companies; and being discerning. The younger generation is told they will eventually be included in investment decisions, and must be responsible thinkers and skilled at business and money management.

Her message to other women on the topic of investing is to learn as much as possible about money management and investing. Even if you don't manage your money personally, she says, to make informed decisions you need to understand how money works.

WOMEN AND PHILANTHROPY

What motivates a woman to give? The answer appears rooted in connections, impact, and bringing about change.

Experts, in this field, such as authors Sondra Shaw-Hardy and Martha A. Taylor, note that “women want their gift to bring about change and make a difference.” The authors say women are “interested in the potential impact” of their giving and “want to be engaged in the institution they support,” such as mentoring and volunteering. Furthermore, they say, women want to collaborate with others to avoid

conflict and waste.¹⁵

In addition to wanting to give back to their community and to causes that help others, one study indicates women want to “know the organization is efficient in its use of the donations.”¹⁶

The same study concluded that women volunteer at a higher rate than men, and as a result are more likely to give to charities where they have a personal connection through volunteering.¹⁷

As previously stated, women’s earnings, education and inheritance are growing, leading to increases in women’s giving.

A Client’s View

For one client, who works for her family foundation, being a donor is a responsibility on both an ethical and moral front. She strongly believes there is a business and an art to giving, and her pursuit of her education was key to being successful.

She would tell other women that it is important to understand the power of learning through education. Sharing and learning from others – either through reading or taking classes -- is essential before jumping into philanthropy. Doing this, she said, gave her the confidence and exposure she needed to succeed.

Working for a family foundation is a position of power, she said, and it is vital to understand one’s role, how you are being perceived, and what you are modeling.

HISTORIC ROLES OF WOMEN IN FAMILY BUSINESS

Historically, females in the family business realm have always worked behind the scenes. They were confidants to their husbands and sons, provided an ear for advice, and served as the natural mediators during times of family conflict. They were also the biggest champions of the younger generations.

Women took the roles of secretaries, bookkeepers,

clerks, and ran human resources departments.

They often filled in, temporarily, during times of unexpected loss of leaders, and were often the community face of the business. The females have often been labeled Chief Emotional Officers, and might very well continue to play that role.

Today a new reality exists. Not only are women rising to leadership roles in their family-owned companies but they are holding leadership roles in public companies too.¹⁸

Studies show women in leadership roles makes economic sense for “better financial and all-around performance.” Women have a greater focus on “corporate governance, responsibility, talent dynamics and market acuity.”¹⁹

A 2016 survey revealed “companies with female leadership actually outperform those run by men.”²⁰

In fact, women in top positions attract the same -- educated, successful female executives.²¹

All that said, the perception among most women in family businesses is that their male peers are expected to run the family business rather than the

next generation of females. These perceptions have led to a level of insecurity that for some women can derail their course.²²

What can be done to encourage change? The same survey suggests that mentoring and leadership development programs along with experience gained outside the family business can assist with enhancing credibility and confidence.²³

Businesses that value the preparation of the next generation through training and development programs, also attract more female participation.²⁴

A Client's View

One of our clients began working in the family business after thinking about the importance of working in a company where she had a vested interest. To her, that connection was very appealing, as was the idea that her hard work would help her entire family to succeed.

She wished she would have known more about how other companies created paths. She never thought to ask: “Where do you see me in 10 years?” Or whether or not there were formal training programs in place and what her career path might look like. Her family business did not have a formal plan in place for family members to join the business. Looking back now, she wishes she had a more robust conversation about her interest in joining the business.

She regularly struggles with the idea that she’s in the executive position she is in only because of her last name. She calls it “the imposter syndrome.”

Her dad told her when she joined the family business that doing so is a little like the mafia: Once you’re in you can’t leave because the family would think something is very wrong.

There are many great benefits about working in the family business, she says, but there are some negative aspects as well. It’s a trade-off that one should anticipate, she said.

SUMMARY

Women continue to make great strides! However, the general theme this research has revealed is that women are still restricted by their own lack of confidence. We see it regarding financial knowledge, the ability to make investment decisions, fear of risk, and their doubts about their abilities to succeed in family business roles.

Given that most women will have sole responsibility for their wealth at some point in their lives, it is critical for women to take ownership of their

wealth now. It is easy to get sidetracked by other responsibilities and even easier to let someone else handle it. So how do we change that paradigm?

GenSpring offers educational programs around many aspects of wealth, ranging from all things financial to the emotional impact of wealth. Your advisor can work with you to develop a customized education plan that will increase your knowledge base in areas where there may be gaps. The educational sessions can be one-on-one to eliminate any uncomfortable feelings about what you know and don't know.

A Client's View

GenSpring: "In relation to your wealth, what do you worry about?"

CLIENT: "Not having it!"

This client didn't receive any education with regard to the family wealth nor did she truly understand how the money was generated.

Once she did become more involved in the family business, she gained a better understanding of where the money was coming from and how long it would last. She said having this knowledge reduced her stress.

She also spoke of the importance of asking questions about your wealth, and gaining confidence in yourself and your decisions. Being decisive, as opposed to emotional, helps ensure your voice is heard clearly, she said. In addition, it is critical to be confident and not to be afraid of being judged.

She added that it was important to her to continue to learn from her advisor.

Since research indicates that women in general prefer to focus their saving and spending around specific purposes, a frank discussion with your advisor about your goals and objectives can lead to a clearer plan of how you want to save, spend and share your wealth. Again, GenSpring has a variety of tools to assist you in the creation of a wealth plan.

If your family has a family business, encourage the development of next generation mentoring programs within the family firm. A GenSpring Governance Specialist can work with your family to develop policies for family member employment so the next generation is clear about the path they need to take in order to be considered for leadership roles in the business.

Ultimately, it is about being a role model. If the next generation of women are to become confident in their abilities to manage their wealth, it is critical for their female mentors to model that behavior and lead with a solid command of financial literacy and a strong comfort level when dealing with all aspects of wealth.

ABOUT GENSPRING

For those who believe the complexity of wealth should be managed to bring families closer together, GenSpring exists to be a collaborative community of individuals, families and committed professionals focused on growing wealth in support of the family's enduring values. Our purpose is to objectively manage the issues that keep members awake at night so they can enjoy the moments in life that matter. GenSpring exclusively serves ultra-high net worth clients of SunTrust Private Wealth.



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ENDNOTES

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