

A gender awakening

Women are set to control almost half of personal wealth in Canada over the next decade. So how is wealth management responding?

ON MARCH 8, RBC Global Asset Management celebrated International Women's Day by launching its gender-diversity-focused ETF. The RBC Vision Women's Leadership MSCI Canada Index ETF (RLDR) joins similar offerings from Evolve Funds and Mackenzie Investments; clearly there is appetite in the marketplace for this kind of product.

According to the FPSC, Canadian women will control \$3 trillion in assets within the next six years, which is nearly half of total personal wealth in the country. Asset managers have taken note, and funds like RLDR are just the start in what is a new direction for the investment industry – and not before time, believes author and FPSC consumer advocate Kelley Keehn. Women's views have been neglected for far too long, she says, especially in the advisory space.

"I would absolutely say the industry is not as friendly to a woman seeking information,"

yet, but it is changing – slowly."

It's a subject Keehn – who previously worked in financial services for more than a decade – writes about frequently. Citing data from the Boston Consulting Group, she outlines how the advisory business isn't adequately addressing the needs of half of the population.

"Seventy per cent of women leave their primary financial advisor when their spouse passes away, and that increases to 75% if she is high-net-worth," Keehn says. "They feel like there was no relationship established. I know that sometimes the woman doesn't come to the meetings, so it is a challenge for the industry."

It is the advisor's responsibility, therefore, to ensure they develop a connection with both spouses if they don't want to be part of that statistic. In Keehn's opinion, the sexes have different attitudes toward investing and



be educated and have their questions met in a respectful way. They also want an advisor to anticipate their needs, rather than this intimidation that many women feel."

Author Barbara Stewart agrees that many advisors need to alter their approach when discussing finances with women.

"It is really about speaking the language a woman would prefer to speak," she says. "Essentially it is finding out what is important to her and what her values are – that's before you talk rate of return or products."

One of *Wealth Professional Canada's* 2017 Women of Influence, Stewart is one of the most highly regarded researchers on the topic of women and finance. Her *Rich Thinking* white papers are published annually on International Women's Day, and she speaks

extensively on gender diversity issues around the world. It's a focus that's keeping her pretty busy, to say the least.



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"I've never had so many calls in my life on this topic of women in finance," Stewart says. "There's a lot of money at stake, and people are scrambling to get into position so they can capitalize on this. If we think about 50 years ago, my mom didn't know how to

drive because driving was seen as a man's job. Similarly, in the '70s, investing was seen as a man's job."

That's certainly not the case in 2018, and it will be even less so a decade from now. Recent data from Statistics Canada reveals that more than 31% of Canadian women are now working as the primary breadwinner in their household, while a third of the country's

WOMEN AND FINANCE

A recent study by the Financial Planning Standards Council asked women: "When it comes to feeling financially empowered, what struggles do you face?"



38% said they know "very little" about finance and investment



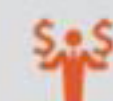
28% are dependent on a partner or someone else to make ends meet



16% leave the management of household finances and investments to their partner



38% feel uncomfortable negotiating a better interest rate



34% have more debt (outside of real estate) than savings

millionaires are female.

As a result, the future of the advisory business will depend on how it can adapt to this new reality, Stewart says. However, that doesn't mean female clients will naturally gravitate towards female advisors. In wealth management, effective communication is an advisor's most important skill, and advisors who understand their clients' needs are those who will succeed in the long run.

"Women want someone who can communicate the way they want to communicate," Stewart says. "A lot of male advisors are capable of that. There are some excellent male advisors who have strong relationships with female clients, and they get right into a values discussion. These are the very successful advisors." **WP**



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Kelley Keehn, author, *The Woman's Guide to Money*

Keehn says. "Is it because it is an industry that typically talks about investment returns, smart beta and Sharpe ratios, and a woman comes at it in a more holistic way? She wants to know if her family is going to be OK. Unfortunately, it is an industry that doesn't speak her language

saving, and this needs to be taken on board by an advisor.

"It might not be that they want different things – it is that they want to be approached differently," she says. "[Women] don't want to be rushed through meetings; they want to