

## Women Are About To Inherit The Financial Earth

When I was 31 years old, my father died. He had a fatal heart attack while mowing the lawn after dinner on a beautiful August evening. My mother, his wife, was 63. Dad had a will, but aside from that, my siblings and mom were suddenly flying totally blind as to how to proceed financially as a family. We had almost never discussed it.

My parents were both from a generation that did not talk about money, even among family. I think for Dad, it was a lesson he learned from his parents, who had lived through the Great Depression, and Mom conformed to the custom of the day of taking her cues from her husband as it related to financial matters. This, despite her being a graduate of Duke University, where she was an excellent student, who went on to have a long career as a teacher at Broughton High School in Raleigh and later became chairman of the Wake County school board.

What a terrible approach that was. We all “kept calm and carried on,” and Mom lived another two decades in relative comfort, but I would not wish the experience she had on anyone. She was completely reliant on her children for financial advice and assistance. Looking back, it would have been so easy for her, who always balanced her checkbook and kept impeccable financial records, to be fully prepared for the last quarter of her life if only she had had a plan.

Over the next decade and beyond, women are about to inherit the lion’s share of the greatest transfer of wealth in modern history. First, because women live longer than men, there will be a tremendous shift in wealth from men to women as Boomer men die, leaving their assets to their spouses. Second, as Millennials inherit this wealth, single women will inherit vast sums.

According to *The New York Times*, American women will manage about \$30 trillion by the end of this decade, a sum greater than the United States’ Gross National Product. The total



size of the Great Wealth Transfer over the next two decades is expected to be between \$84 trillion and \$129 trillion. These are truly Malthusian numbers. The impact of this change in the gender of asset ownership will be far-reaching.

First, many women will need financial advisors. This will create extraordinary opportunities for advisory firms that can gain the trust and support of women investors. This will prove very interesting because the wealth management industry is comically short of women advisors. If you are a woman just starting out in your career or contemplating a career change, consider wealth management. You'll have the demographic wind at your back for the next twenty years.

Second, I can't help but think there are a lot of women out there a lot like my mom—whip-smart and highly capable but who lack confidence in financial matters because of the culture in which they grew up. I cannot overstate the importance of preparedness for the death of a parent or a spouse, whether there is a large inheritance or none at all. Having an advisor, or at least taking steps to get to know and engage with financial advisors, estate attorneys and others who can help chart the course forward, is absolutely essential. You don't have to be a financial professional by any means, but it helps to at least know who will be on your team. If you have children who can help, great, but have the conversations about expectations in advance.

Third, the same longevity creating the wealth transfer windfall for women will also create very real needs down the road. Women start out earning less than men (attribute the gender pay gap to whatever you like, but it is real) and statistically earn about 20 percent less than men over the course of their careers. This means that women start with a disadvantage and have to make their investments last longer.

Data shows that women demographically can be excellent investors. A University of California at Berkeley study suggested that women were better investors than men over the long term because they tended to trade less and thus made fewer mistakes. (*Note: Why do I find this so easy to believe?*) Women also tended to look at their investments holistically and stick with their plans.

Moreover, a McKinsey study found that 7 out of 10 Baby Boomer women who inherited their spouse's assets changed financial advisers within one year of their spouse's death. That shows some agency—not a vote of confidence in the status quo, but a good sign for women. This impulse for independence will also dramatically impact entrepreneurship and philanthropy.

The coming years will be a bonanza for women as they become increasingly in charge of



their own financial affairs. The wealth management industry will undergo a sea change because of this tectonic shift of assets toward women. Will the industry be ready? Will women be ready?

For everyone's sake, I sure hope so. You know who would have wanted that more than anyone? My parents.

### FOR MORE INFORMATION, PLEASE REACH OUT TO:

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