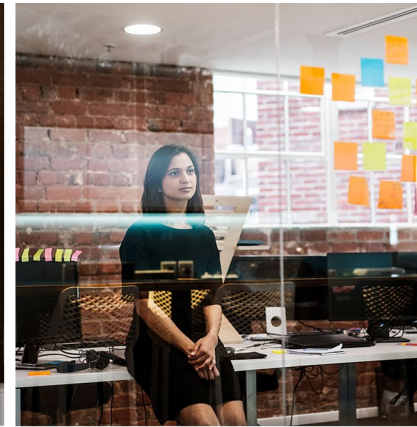
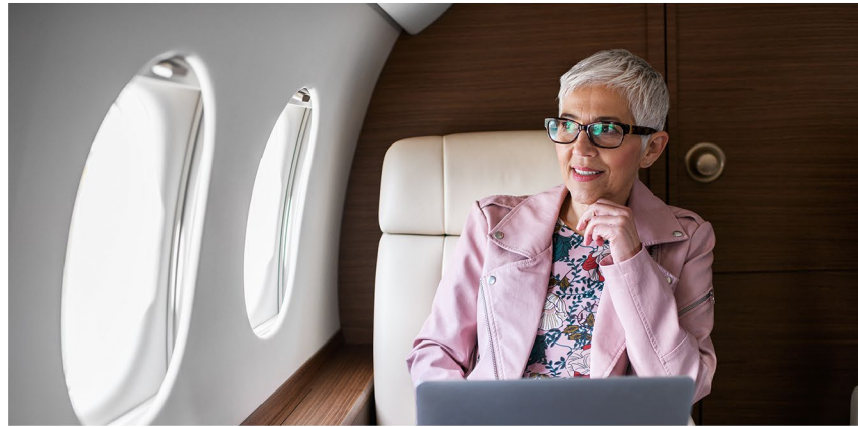


PRIVATE BANKING



The Future of Wealth Is Female

2019 Delaware Trust Conference

October 22, 2019

Adrienne Penta, J.D.
Managing Director
Brown Brothers Harriman

CENTER FOR
**WOMEN
& WEALTH**

THE CHANGING LANDSCAPE OF GLOBAL WEALTH

Women control more wealth than ever before.

- 51% of personal wealth in the U.S.
- Two sources of wealth:
 - Inherited. Women will inherit 70% of the \$40 trillion being transferred over the next four decades → \$28 trillion
 - Earned. 40% of women are the primary breadwinners in their household, out-earning their partners (a fourfold increase since 1960)

1

Women are an economic force.

- Women are founding new businesses in the U.S. at rates much higher than average
- Women own 12.3 million businesses (40% of all firms) in the U.S.
- Women influence 83% of U.S. consumer spending

2

Women are investors.

- Across the globe 66% are primary decision makers over investable assets
- Investable assets in the U.S. controlled by women:
 - 39% (jointly or solely controlled) which equals \$11.2 trillion
 - \$5.1 trillion (solely controlled)

3



WOMEN ARE UNDERSERVED AND MISUNDERSTOOD

4 Troubling Trends

1.
The wealth management
industry has a woman problem

2.
Women are underinvested

3.
Women are still abdicating
investing decisions

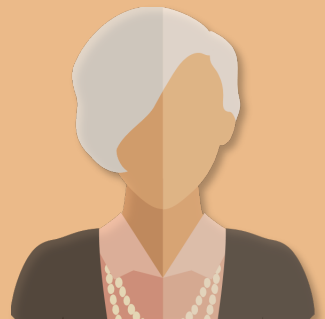
4.
Women underestimate
their abilities

1.

The wealth management industry has a woman problem

What percentage of financial advisors are women?

14%



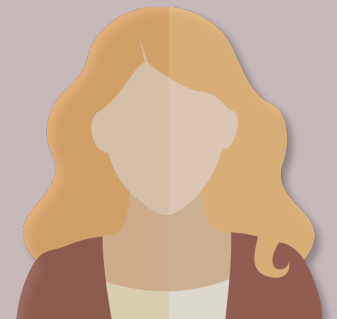
25%



40%

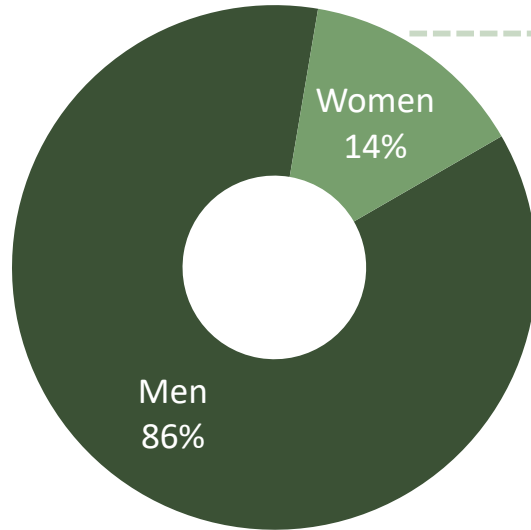


51%



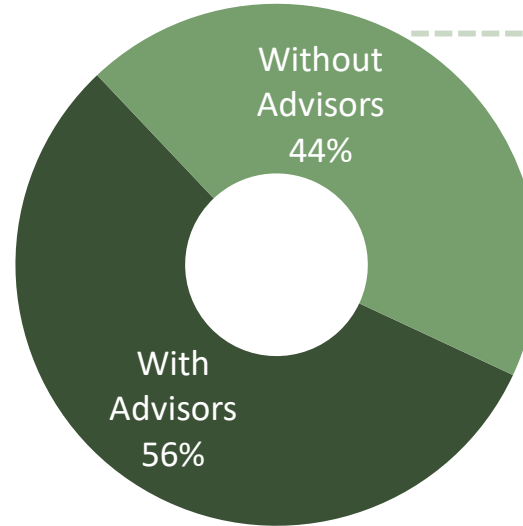
THE WEALTH MANAGEMENT INDUSTRY HAS A WOMAN PROBLEM

Financial Advisors



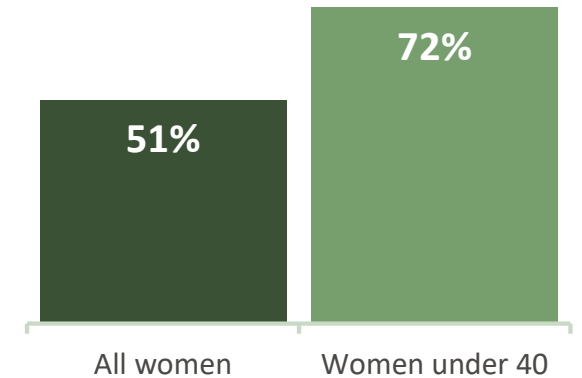
- Female advisors are still rare in wealth management
- 43% of U.S. financial advisors are over the age of 55

Women Investors



- Women without advisors hold an average of 20% in cash (significantly more than those with advisors).

HNW Women: “My advisor doesn’t understand me”



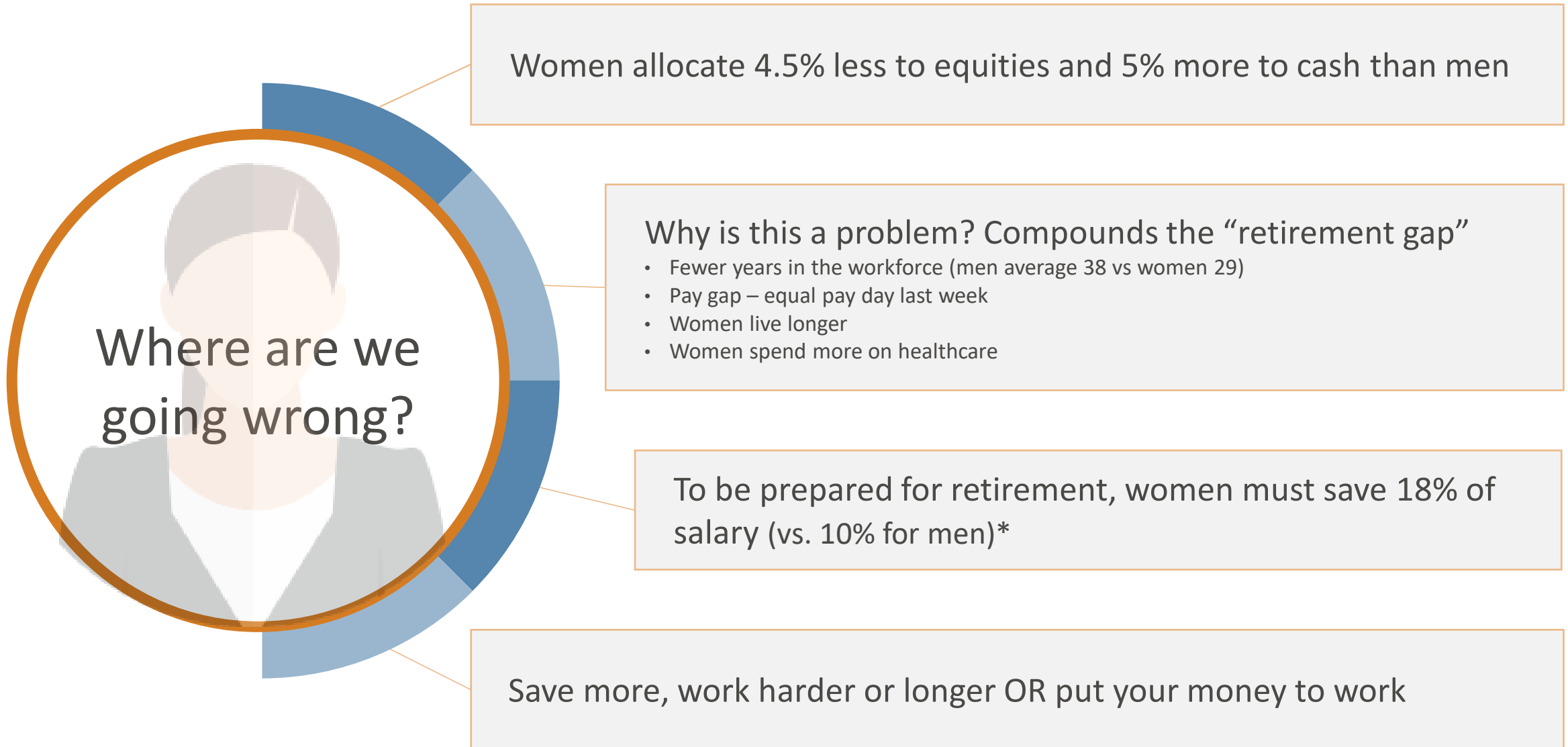
Teams with one or more members that represented the target end-user were as much as 158% more likely to understand that target end-user and innovate accordingly.

~ Tim Smedley, *The Inclusive Workplace*, FT Report 2014

2.

Women are underinvested

WOMEN ARE UNDERINVESTED



3.

Women are still abdicating
investing decisions

What percentage of married millennial women choose not to participate in decisions about investing?

10%



24%



48%



61%



WOMEN ARE STILL ABDICATING DECISIONS ABOUT INVESTING AND FINANCES AT ALARMING RATES*



Some 61% of millennial women said they leave investment decisions to their husbands.



That compares with **54% for baby boomer women**.

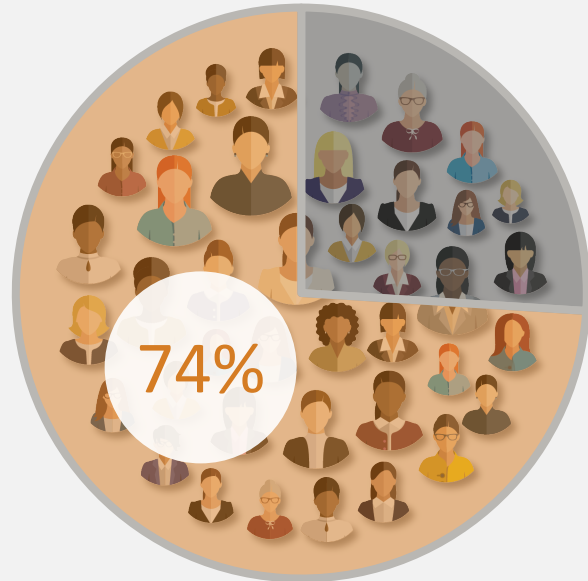


90% of women will be solo decision makers at some point in their adult lives.

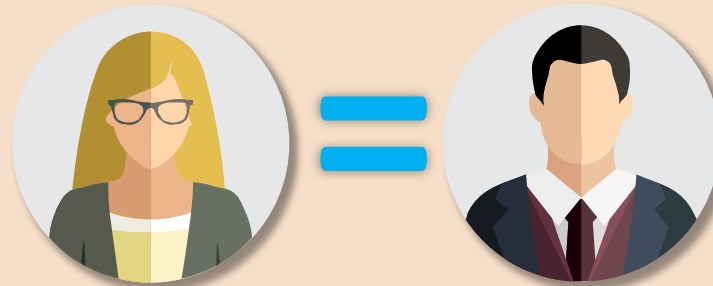
4.

Women underestimate
their abilities

WOMEN UNDERESTIMATE THEIR ABILITIES



74% of women say they don't know much about investing



Men and women have roughly the same level of financial IQ in the U.S.

Women do not give themselves enough credit for what they know

- Only 56% of HNW women who are financially literate, believe that they are
- For women with self-created wealth, only half of the financially literate women give themselves the benefit of the doubt

This lack of confidence makes women less likely to come to the table and to meaningfully participate in decisions about wealth and investing



CONSCIOUS INCLUSION

WOMEN'S COMPLAINTS ABOUT BIAS

"My advisor calls my husband to make (or confirm) decisions."



"During meetings, my advisor doesn't look at me (only at my husband)."



"I feel sold to, rather than listened to."



Red flags:

- Asking the "client's wife" to attend a meeting after setting the date and time
- Failing to engage the "silent spouse" who does not participate in the meeting after exchanging pleasantries
- Directing substantive investing or planning questions to only one of the participants, even subtly

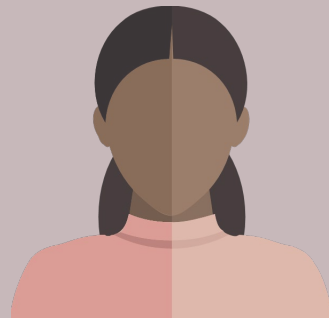


What percentage of meaning is derived from the words you say?

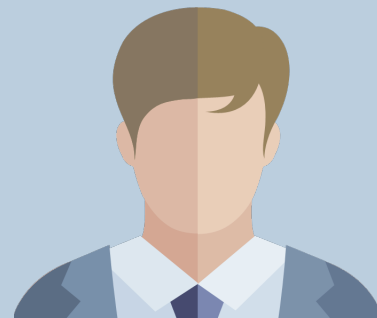
7%



21%



45%



80%



MOST COMMUNICATION IS UNCONSCIOUS

How do others derive meaning from our communications?

7% from the words
that are spoken



38% from how the
words are spoken
(paralinguistic)



55% from facial
expression



The small stuff adds up to have **BIG** impact!

WHAT IS CONSCIOUS INCLUSION?

Conscious Inclusion means creating an environment of involvement, respect and connection, where the richness of ideas and perspectives are harnessed to create the best experience for each client through thoughtful and intentional client-centric service.



DESIGN PROCESSES TO ENCOURAGE INCLUSION

Behavioral design creates environments to help us better achieve our goals through automatic mechanisms, rather than incentives. Good design can lead to positive outcomes.

Examples:

- The blind and barefoot auditions employed by the Boston Symphony Orchestra
- The hotel room light that won't turn on until the door is locked
- Auto-enrollment in retirement savings plans



BEHAVIORAL DESIGN IN RELATIONSHIP MANAGEMENT

Make it easier for our biased minds to make unbiased choices

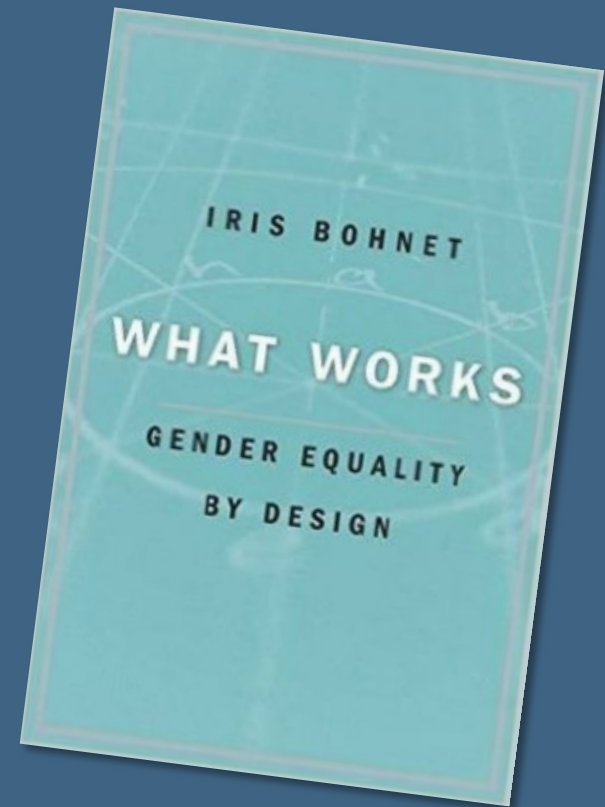
D for data

E for experiment

SIGN for signpost

For example:

- Create automated onboarding checklists
- Establish client email protocol
- Thoughtful CRM workflow design



INVESTING IN AN INCLUSIVE WORKFORCE

- ✓ Raise awareness
- ✓ Foster a culture of feedback – ongoing and contemporaneous
- ✓ Provide training opportunities
- ✓ Establish best practices in relationships management and sales
- ✓ Invest in mentoring younger advisors in your firm
- ✓ Practice spotting non-inclusive behavior in internal meetings and other safe situations

THE CLIENT OF THE FUTURE

In **25 YEARS**

the US will become a majority-minority nation



80% of people were married by the time they turned

30

in the 1970s



45

today



40%

of young women were employed in 1965

71%

of millennial women are employed today

5

generations contributing to the workforce, family values and financial decisions



62%

of households with women as the primary source of income



Millennials are

4x



more likely to be married to or live with a same-sex partner than those over 69



62%

of HNW individuals support digitization but still want to meet often with an advisor



27.7

average age millennials start their first business

35.3

average age baby boomer started their first business



60%

of donations after Hurricanes Harvey, Irma and Maria attributed to millennials



Nearly **60%**

of college-educated, full-time-employed millennials chose jobs that had a sense of purpose



of millennials would like to learn more about values-based investing

40%

of women are outearning their husbands (a fourfold increase since 1960)



No. 1 reason for millennial donors engaging in philanthropy:

"Supporting a mission or cause that I believe in and that fits with my personal values"



OUR MISSION

CENTER FOR
WOMEN
& WEALTH

The BBH Center for Women & Wealth

supports women in the creation and management of wealth. We seek to create a dynamic and inclusive environment where women can engage in conversations about family, wealth and values.



bbh.com/womenandwealth



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