

# Why meeting the financial needs of women matters



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**It has been** widely publicized that there has been a considerable shift in wealth in the U.S. to women. Women now control a third of the total U.S. household financial assets. Jean Statler, CEO of The Alliance for a Lifetime income, indicated recently that more than \$10 trillion of wealth is controlled by female investors, and roughly \$30 billion is projected to shift into the hands of U.S. women over the next three to five years. So, if you're a financial professional and you're not thinking daily about how to meet American women's needs better, you are not only in jeopardy of losing current clients but also of missing out on many new opportunities to grow your clientele.

Financial professionals should be looking to empower this growing affluent women demographic. Women are looking for advice and education in a safe environment that addresses their unique needs, and they're looking for financial professionals who can focus on topics specific to her planning.

So, when you visualize your ideal client, is it a woman?

## Targeted Opportunities

There are specific personas you may not consider when thinking about the female investor. The first is the female high-income earner. 41% of women in households say that they are the primary breadwinner. Various sources state that women make up to 90% of the financial decisions in American households. Couple this with the fact that women are rising in the C-suites category – 44% of companies have at least three or more women in their C-suite, up about 29% from five years ago.

The second persona we can call the “chief financial officer (CFO) of their household.” Women make about 85% of consumer purchase decisions, including computers, automobiles, stocks, and investment choices. And women tend to reinvest 90% of their income into their family's well-being, making them huge influencers.

Lastly, in addition to being the business owner of the household, nearly 13 million U.S. businesses are majority owned, operated, and controlled by women. These businesses generate more than \$2 trillion in revenue for the economy.

## Longevity (and how it can affect client retention)

Longevity is an overwhelmingly female issue. Women often think about risks differently than their male counterparts and are very aware of the threat of outliving their money and the need for an extended care plan.

In 2020, there were 8.8 million widows and just 2.6 million widowers. The probability of women outliving men is significant. Why does this matter to the financial professional? Retention.

I spoke at an event for a financial professional who marketed to women over 55 to educate them about planning concepts that appealed to the female investor. After I spoke on long term care planning, I had the opportunity to learn why the attendees came to the seminar. All of the women there felt that if their spouse died tomorrow, they would be in serious trouble as none of them had a good grasp on their finances, didn't have much knowledge of their current plan, and didn't have a strong relationship with their current advisor.

With this said, numerous industry studies show that 70% of women change their financial professional within one year of their partner dying. With \$5 trillion

of wealth added to the global economy each year, financial professionals have a huge opportunity to focus on and understand the decisions and topics that interest women and proactively engage and educate new clients and retain existing ones.

### Insurance and Estate Planning

About half of women do not own life insurance, while a third say they don't have enough coverage. When you understand the primary financial decision-makers are often female and feel they are not adequately advised and are underinsured, it provides a tremendous opportunity for financial professionals.

The importance of estate planning that is not generic and specifically talks to her needs cannot be stressed enough. This misstep occurs with both male and female advisors.

Women tend to be concerned about the future, and some financial professionals don't discuss this future with women until an adverse event occurs. So much can be gained by not waiting until the chronic health event occurs or when she becomes a widow or divorced.



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### Don't Wait

Transamerica reported in 2020 that only 15% of women have a written strategy, and more than 2 in 5 women (43%) do not have a retirement strategy at all.

The time is now to meet with female clients and prospects. Open the dialogue by engaging them about their families, goals, dreams for retirement, and extended care plan. Conversations creating an open, non-judgmental zone and asking questions around the topics above are powerful ways to take a step forward.

## A community of learning

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