

Taking the reins: female clients and the transfer of wealth





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Introduction

It is estimated that 60% of Britain's wealth will be in female hands by 2025¹. While this prediction remains unproven, HMRC data for 2020/2021 shows that of the £15.7bn of estates that transferred to a single partner, 73% went to women, lending credibility to the theory.

Our industry has long been aware of the opportunities and threats of the Great Wealth Transfer and yet little consideration has been given to the fact that female spouses are often the first inheritors of this wealth.

Does our sector have a problem when it comes to retaining spouses and nurturing long-term relationships with our female clients? In the US, it is estimated that 70% of women change their financial adviser after the death of their husband. Our sector has been built on the male-breadwinner model and our client base reflects the traditional family set up.

Mary and Gilly's testimony (page 5) reflect two different experiences from two generations of women. Mary and Gilly's stories are very different but they both endured one of the most challenging times in people's lives – the death of a partner. Both however were fortunate to have solid, consistent and bespoke advice from a financial adviser.

This report aims to help financial advisers better understand female clients and spouses and specifically the generational shift within this cohort. It also seeks to equip advisers with a practical guide on how to approach and retain these women who represent the future of our industry.



¹The WealthiHer Report, 2019.

Chapter 1:

A tale of two widows

Mary, 72

I was a nomad living the high life in the Caribbean when I met my husband. He was a 'steady Eddie' type who took care of everything once we were married. It was a rude shock when he died. I was totally clueless. I had never paid a bill in my life until 18 months ago. Thankfully, our bank manager really looked after me. I think it helped she was a woman. I felt comfortable crying in front of her and we hugged often. That kind of warmth and empathy was so helpful and made everything less scary. I now know where everything is financially, and I feel empowered like never before.



Gilly, 52

I started work at a bank at 18 and had a fast-track career in financial services. I never had to ask my husband 'can I buy this?' At the height of my career, I worked a seventy-hour week which was manic, and the stress of my job also cost me my health. I was forced to retire at 42 due to serious illness. Thankfully, I am one of the lucky ones with a final salary pension and I always paid my insurance premiums.

We assumed that I would go first but then my husband died very suddenly two years ago. Even though I am very knowledgeable about financial matters, it still took two years to sort everything out. We had a financial adviser who'd been with us a long time. My husband and I would take it in turns to do the paperwork and make the investments; it was very equitable. I've introduced my mother to my adviser because my father is ill, and my kids know him as well.



Chapter 2:

Why is it important for financial advisers to understand these women?



My husband was from a generation of men who just kept their wives out of it. And it is so dangerous because when they are gone, it's chaos.

Deborah, 73



The system is against us, we tend to live longer and get paid less. So we need our assets and our money to work harder for us.

Edie, 73

- 80% of women will become solely responsible for their finances at some point during their lifespan.
- As a financial adviser, your role in navigating the client through this tumultuous period is arguably the most challenging and yet most pivotal part of your relationship with the family.
- It is also a moment when financial advisers are vulnerable. Children, especially, may decide that the widow's current adviser is no longer the right fit for their mother, and encourage her to make a change.
- Nurturing the relationship with your female clients well before this event is therefore crucial. Those firms which retain their Baby Boomer female clients have the potential to increase their revenue by one-third over the next decade.
- Financial advisers need to recognise that their female client-base is changing and that their business can no longer expect to live off the Baby Boomer male-breadwinner model. Over the last forty years women's place in society, the workplace and in the home has transformed and so too their access, attitude and knowledge of investments.
- Your Gen X female clients - those in their 50s and 60s - have led very different lives to your older female clients in their 70s and 80s. A major shift has been the increasing acceptance of LGBT couples and yet this is a group that has historically been poorly served by our industry.
- Understanding your female clients and spouses better is a key to future-proofing your business.





I often deal with couples where the husband traditionally did everything financially, and then he dies and the wife doesn't have a clue. She wants help and a guiding hand as she feels very out of her depth.

Catriona,
Financial adviser



Chapter 3:

Understanding the next generation of spouses and female clients



I have a client who is a bit of a maverick. She completely loves risk and that's more so because she has plenty of money to be able to put into the stock market.

Ryan,
Financial adviser

Smashing stereotypes

- When it comes to finances women have arguably less room for error than men on big financial decisions; they live longer, earn less, and move in and out of the workforce more.
- Property is often perceived to be the lowest risk option that appeals to women. They represent half of today's landlords but just 8.5% of volatile cryptocurrency investments. And yet women are catching up with men in the insolvency stakes. The bankruptcy rate in the UK amongst female Baby Boomers has increased by 88% over the last decade.
- In the realm of savings and investments women have long been profiled as more cautious than men and yet during the 2008 Financial Crisis women were less likely to sell their stocks than men. The stereotype of the risk-averse female investor cannot be assumed to be true, particularly amongst Gen X female clients with sizeable capital. The financial advisers we spoke to recognised 'female maverick investors' are an increasing portion of their client base.
- As women's lives have become more independent and varied, so it is harder to make casual assumptions and generalisations about their financial behaviours.



I feel the stereotypical view (of women and finances) has shifted. I think it's a really individual thing. I don't necessarily think it's male and female. There are some really cautious male clients as well.

Siobhan,
Financial adviser



Family

- Baby Boomer female clients tended to marry young and marry men older than themselves. It was Gen X women who broke the trend; marrying and having babies much later in life. Gen X women were also more likely to go to university, willing to cohabitate before marriage and enjoyed a number of years in their twenties when they were solely in control of their finances.
- Many Baby Boomer women may have married young, but they were also the first generation for whom divorce became much easier. The divorce rate in the UK reached its peak with Baby Boomers in the 1980s but even today Baby Boomers are still divorcing at a record rate. The number of 65+ women divorcing increased by 30% between 2005 – 2015.
- With divorce came the rise of second marriages and 'blended' families. Gen X couples on the other hand were less likely to divorce but also less likely to be married.





Society's carers

- Women have always fulfilled their role as society's carers, but arguably never more than they do today. Mothers are expected to support their 30-something children, more and more grandmothers are helping-out with their grandchildren while many daughters and daughter-in-laws find themselves as informal carers for the elderly in their family. Wives are also expected to be carers to their husbands in old age as well as their wider family and friendship network.
- The burden of care therefore is not just confined to the early years of motherhood but throughout women's lives, affecting their career, wages and retirement plans as a result.
- Many Gen X women, who typically had children later in life, are now the "sandwich generation" caring for both their parents and their children. This situation was brought into sharp focus during the Covid-19 pandemic. 34% of Gen Xers and 13% of Baby Boomers found themselves caring for an ageing parent during lockdown.
- Women are more likely to be recipients of wealth from wider social and familial networks but also are more likely than men to want to pass on their inheritance in their lifetime.
- More and more women however are embracing a child-free existence. Gen X women are twice as likely not to have children than Baby Boomers. This can profoundly shape their attitude towards retirement and especially old age.



My 'Aunt' Mary died leaving me with £150k (she wasn't actually my aunt) and then my friend who had no children, siblings, or husband, died and left me £350k. I inherited her adviser, but it doesn't feel like my money.

Lynn, 75

Female financial empowerment

- Dual-income households are now the majority in the UK while joint accounts are in decline. In the US, 64% of Gen Xers have a joint bank account a drop of more than 10% from their Baby Boomer counterparts.
- Gen X women are the credit card generation and 45% of Gen Xers view paying off credit card debt as a major financial priority.
- The consumer power of Gen X females is now being recognised. In the US, 50+ women make up the largest demographic of incomes over \$100,000, controlling 95% of household purchasing decisions and 80% of luxury travel purchases.



Telling my parents about my credit card debt in my twenties was nearly as difficult as coming out to them.

Gloria, 51



Chapter 4:

Future priorities for female clients

Retirement no longer means golf courses and grandparent duties. Women are starting to think about retirement as a new stage of personal fulfilment. Gone is the notion of retiring from something. These women want to retire to something.

Working

Whether out of desire or need, Baby Boomer women (and men) are working beyond traditional retirement age and this will be even truer of Gen X who do not have anything like the wealth that Baby Boomers have. The UK's Office for National Statistics expects Britain's over-65 workforce to grow by 20% in the decade to 2024. And women over the age of 50 are responsible for 42 percent of this employment growth over the past decade.

Helping children

Many women we spoke to reflected on how lucky they had been in terms of wealth and opportunity compared to their children, so it is little surprise that many see their future priority as helping-out their offspring. A recent report by UBS found that 63% of women prefer passing on their wealth whilst they are alive, so they can see the fruits of their gifting.

Granpreneurs

Many women are also forging new career paths and business opportunities in their later years. In the last decade, Barclays reported a 67% increase in female over 55s opening-up business accounts, rising 132% for those 65 and over, the biggest leap of any demographic.

Paid staff

More than any other generation of women before them, Gen X women relied on domestic staff (mostly women) providing an infrastructure of external paid support which enabled them to continue working after motherhood. Gen X women will continue to rely on this paid support later in life especially as they become elderly. This will be a major financial outlay for future retirees.

Looking after grandchildren

The UK has the most expensive childcare system in Europe, so it is little surprise that 40% of grandmothers have stepped into the breach by providing regular childcare. This has brought families closer together and has often led to grandparents (or widows) selling up and moving to be nearer their children or helping their children move closer to them. A 2020 Aviva study reported that 1 in 3 households are now multi-generational, recognising the mutual benefits of live-in support for both children and the elderly.

Lease rather than buy

They've seen their children rent and lease goods (such as cars) and retirees will mirror this behaviour too.

Travel

Baby Boomers are putting travel at the centre of their retirement plans, although they may consider family over adventure travel given the experience of the pandemic.

Social care

Women currently outnumber men 3:1 in nursing homes in the UK. We are living longer but we should also expect to suffer from ill-health for longer. Social care plans should be an absolute priority for female clients however far off it may seem. Gen X women who have direct experience of parents in residential care are better informed and have a more nuanced understanding of what they want. That said, it is remarkable however how much care and thought women give to helping their children and how little to their own future.

New priorities

Covid-19 shifted the focus onto family and work/life balance; many children returned home, and many elderly parents needed looking after. As an age discriminate disease, Covid-19 has also made Boomers and Gen X feel mortal. Health and time are the new priorities. Private healthcare and working less may be where Gen X direct their efforts in retirement.

A tale of two female clients

Maureen, 72

I stopped work when I had a baby at 25. In those days you just gave up work and I didn't go back for 11 years. My health is a priority; I've beaten cancer and I've also had a heart attack. Now I'm fully retired but my grandchildren keep me busy. My husband hired a financial adviser when he retired. He advises us, he's great. We're quite friendly with him now. He had a terrible accident a couple of years ago and I always check in see how he is. He was so kind when I was ill, so caring, so interested. We feel he is looking after us.



Angela, 56

I've worked mostly in the tech sector in my career. I was 30 when I had my son and only had four months off for maternity leave. Looking back that now seems mad but I was earning more than my husband, so it made sense to go back to work. I then got divorced and was a single mother for seven years, but in the privileged position of earning a good wage. I've always been independent with my finances even now with my new partner. It was my son who suggested I get an on-line investing account. I've spoken to an adviser in the past, but I wasn't convinced he would work in my best interest.





Our adviser doesn't really engage with me. Instead of just backing off when he met my reluctance, he maybe should have dug a little deeper as to why I was so reluctant.

Flora, 72

Chapter 5:

What do female clients want from a financial adviser?

- Clearly our sector needs to get better at engaging with spouses and encouraging husbands to include their wives in discussions. Generally speaking, women are more sceptical of financial advisers and their motivations.
- Many women expressed ignorance and insecurity when it came to savings and investments and were happy to defer to their husbands. Gen X professional women were more likely to say that they should and could get involved but choose not to. These women were also very wary (perhaps because of their experience in the workplace) of being spoken down to or patronised.
- Many women felt that their adviser treated them as an adage to their husband and saw them just as inheritors rather than individuals.
- Few women said they had a personal relationship with their adviser separate from their husband. Quite often, adult children were pivotal in discussions especially in changing adviser or the introduction of fin-tech.
- Widowhood can present an opportunity for women to discover a new financial confidence. 77% of widows and widowers interviewed in a Merrill Lynch/Age Wave report said that they discovered courage they never knew they had following the death of their spouse.
- Julius Baer Group has launched a financial education workshop for older women – the slots were filled within hours of being advertised. This suggests that tailored education for female clients (at any stage of life) may be one way of empowering these women and solidifying your offering and relationship.
- Many women spoke about their increasing interest in ESG, often inspired by conversations with their children. Gen X women were better informed but also more sceptical than older women especially about greenwashing and 'clean' portfolios. There is however a desire to know more about the issues and hearing advisers' thoughts.
- How you communicate and how often can also be pivotal. Very few spoke with enthusiasm about meeting their adviser. Some found the setting, content and tone alienating. And while some referred to their adviser as a 'family friend', few women believed that their advisers really understood their hopes and aspirations.



I always want my clients just to feel comfortable and confident that they know what they are doing, and if they don't, that they have confidence in me.

Ryan,
Financial adviser

Chapter 6:

The spousal action plan

1. Get to know these women's stories

Their parental background, their working lives, their experience of motherhood all underscore their financial values and priorities. Build a unique relationship with your female clients and understand who they were (and are) separate from their husbands, it will help you help them.

2. Bring spouses into the conversation from the outset

It is important to encourage couples to be equally involved in long-term investment planning to avoid any negative financial surprises when the widow is forced to take control.

3. Get to know their infrastructure

This is not just children but also accountants, business partners and care support where relevant.

4. Provide a structured financial education programme (if needed)

This is not just children but also accountants, business partners and care support where relevant.

5. Practice emotional empathy

Losing a spouse is traumatic. Financial advisers have a role to play in helping to support people at this difficult time along with guiding them to make the right financial decisions.

6. Understanding the level and type of communication preferred

Whether it's Zoom, Whatsapp or face-to-face, understand what their expectations and requirements are and make it as bespoke as possible. Women tend to find empathy rather than status more relatable and engaging.

7. Engage more female advisors

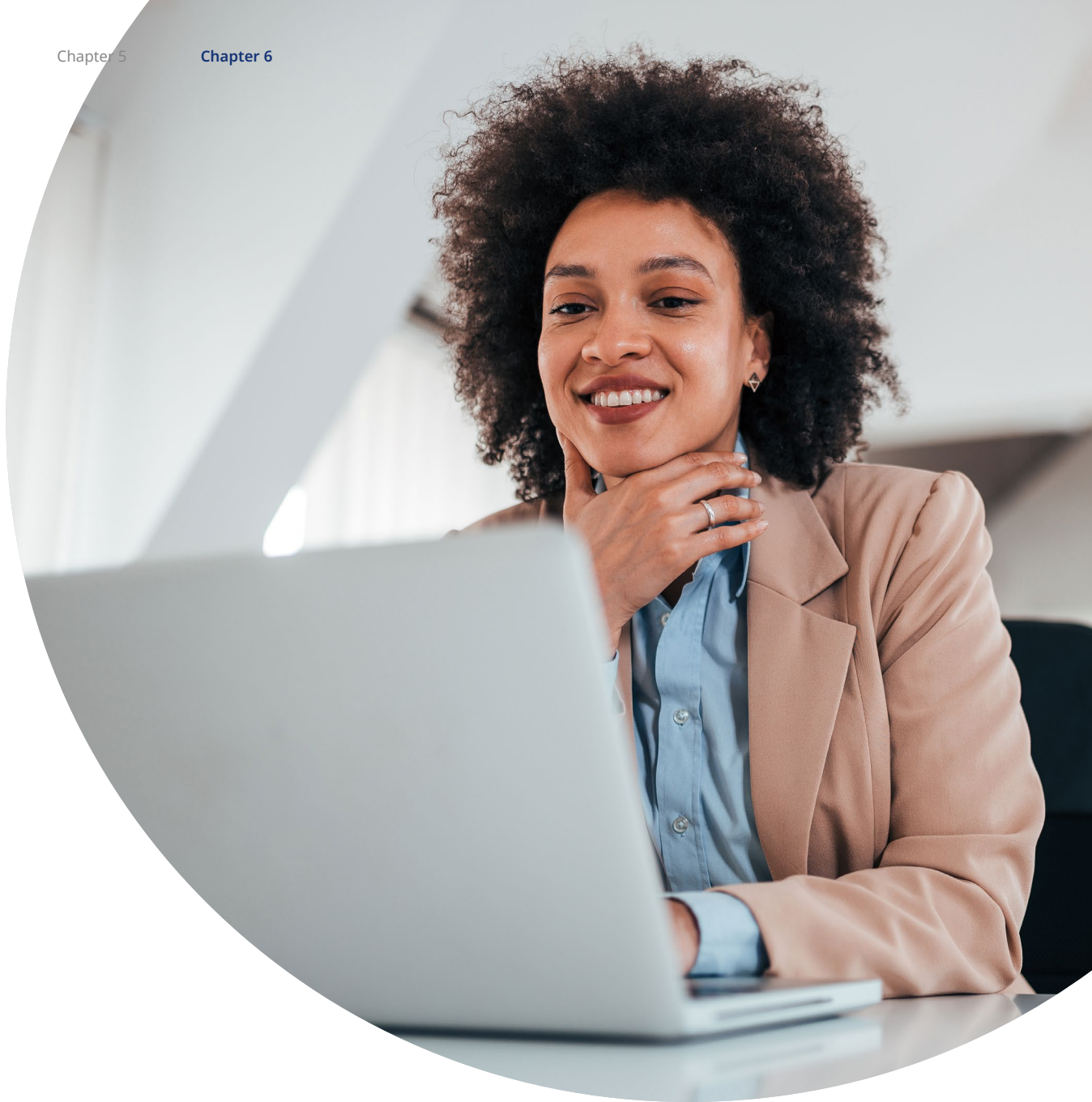
While it is wrong to assume that women clients can only be served by female advisers, their presence on your team will diversify your offerings to clients, reflect the female professional reality and should ensure that your female clients are not a neglected part of your client base



There is an onus on the financial adviser to improve on our soft skills, in terms of how we communicate with every client, and with widows in particular. The majority are coming from situations where they haven't been in charge of the finances, and they haven't been confident and comfortable to go straight into talking about asset allocation, performance and charges etc.

Catriona,

Financial adviser





Author

Dr Eliza Filby is a speaker, consultant and historian of generations. She previously taught at King's College London and now advises businesses, public sector and NGOs on demographics and societal change. Her research on the Great Wealth Transfer and the changing dynamics of the family can be found here www.elizafilby.com

Eliza interviewed over 30 women aged between 50-75 for this report in 2021. They represented a complete mix of high net-wealth women: widows, singletons, divorced, married and remarried women from across the UK. We invited them to share their stories, experiences with financial advisers, attitudes towards money and investment, and hopes for the future. She also spoke to twenty financial advisers to get a sense of how things were changing in their industry.

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Many financial advisers are not just in the industry to help people to make the right financial decisions, but to support them doing so during difficult times and to minimise an already stressful and difficult situation. This is definitely why trust and empathy with and for our clients is so important and needs to be established and evolve as the core part of the advice process.

Matt,

Financial adviser





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