

Strategies for attracting and retaining female clients

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Women and Finance White Paper

Why focus on female clients?

A critical mass of women—bolstered by rising education levels, unprecedented workforce participation and escalating income and wealth—are assuming more powerful roles in personal and family investing and decision making.

This represents an opportunity for financial advisors who recognize and respond to the new realities of women and investing. LPL Financial and Age Wave partnered in a research initiative to discover how to best empower financial advisors to grow their business among women and their families. Interviewing industry experts, financial advisors and women themselves, we sought to understand the new landscape for women and financial planning and to develop actionable strategies for serving this market. We found that:

■ Women are financial decision makers

Women are taking an increasingly active role in determining how their families save, spend, invest and plan for the future. In addition, most women will spend at least part of their lives on their own—as sole earners, after divorce and as widows—taking full responsibility for their finances.

■ Women control increasing amounts of wealth

Women are working—and earning—more than ever before. In addition, because women tend to live long lives, they have a better than average chance of inheriting assets or a business at some point.

Introduction

■ Women approach financial planning differently

Both men and women want advisors to provide good performance, first and foremost, and to make an effort to understand their goals. Our national survey found that, for women, achieving financial peace of mind is over seven times more important than accumulating wealth. They see their investments as a way to protect and support their families and, as a result, they look for advisors who will listen to their concerns. They are deliberative and collaborative in making their decisions. They may take a long time to do research before they settle on a course of action, and often consult with a pool of experts. Just as important, they value good communication and service, focusing more on finding a partner they can trust rather than on obtaining short-term results.

■ Women are more loyal, profitable clients

Women tend to stay for long periods with advisors they trust. In addition, advisors participating in our original research confirmed that female clients are an important source for referrals.

■ Women's financial empowerment creates opportunity

Women clients seek information and education that can empower them to make their own decisions. By providing your female clients with opportunities to expand their knowledge, and by explaining their choices in clear, simple terms, you can forge strong relationships and increase the size and stability of your book of business.

Through our research, we identified seven key lessons to help LPL Financial advisors grow their business by meeting the needs of women clients.

Lesson 1

Women are not a niche market

BEST PRACTICES
REACHING OUT
TO WOMEN INVESTORS

■ **Recognize women as equal partners:**

More than two-thirds of the women we surveyed had either primary or shared financial decision-making responsibility with their partners. Make sure that you are treating both male and female clients as decision-makers, even if you are initially approached by one partner.

■ **Talk to women as much or more than men:**

In our national study, we learned that husbands are almost twice as likely as wives to feel they have more of their advisor’s attention in a face-to-face meeting, with 44% of men saying their advisor focuses more attention on them than their partner during meetings, compared to only 24% of women saying they are getting the greater share of their advisor’s attention during meetings. Women are particularly attuned to whether you are answering their questions, so make sure that you respond in a clear and comprehensive manner.

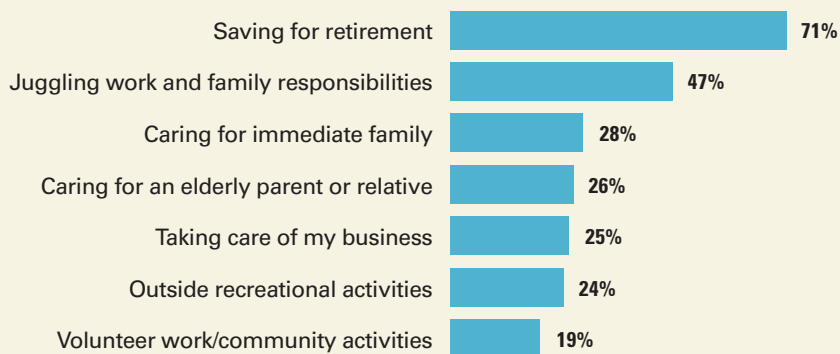
■ **Be ready to understand what drives women investors:** Women approach financial planning as a way to provide peace of mind to themselves and their families. They place a very high value on clear, two-way communication and expect their advisors to listen to them so they can understand the life and family issues that drive investment decisions.

Driven by unprecedented, ongoing shifts in education, employment, earning power and wealth ownership, women are emerging as a remarkable growth opportunity.

Consider that women now account for more than half of U.S. college undergraduates² and graduate students. Women now make up roughly half the U.S. workforce.³ Their average incomes have increased by 91% from 1970 to 2010,⁴ and more women now out-earn their husbands.⁵

By acknowledging the growing economic power of women—and their distinct financial planning needs—you can tap into an enormous opportunity.

WOMEN NEED HELP WITH A WIDE RANGE OF FINANCIAL PLANNING ISSUES⁶
Toughest tasks for women aged 56–65



Executive women 56–65 years old identify saving for retirement as the most challenging activity.

² U.S. Department of Education, Digest of Education Statistics

³ U.S. Department of Labor

⁴ United States Statistical Abstract, 2010

⁵ Pew Research Center, “New Economics of Marriage: The Rise of Wives”, Jan. 2010

⁶ Source: *The Wall Street Journal*, “Retirement: Women at Risk” May 9, 2011, Met Life Mature Market Institute for a Secure Retirement, November 2010

Lesson 2

Couples count...a lot

BEST PRACTICES
MEETING WITH COUPLES

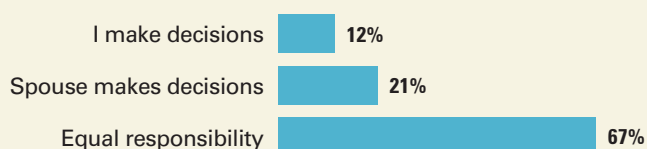
Advisors we interviewed provided simple, practical guidelines for meetings with couples:

1. **Encourage open dialogue** between partners/spouses. Ask them to talk to each other about their financial goals before they meet with you.
2. **Identify financial roles and responsibilities:** Find out who pays the bills, who decides how much to save or invest, and who chooses investment strategies and advisors. If the couple shares these responsibilities, ask them how they communicate about financial issues and how they resolve problems that arise.
3. **Create opportunities for each partner/spouse to share** individual financial and lifestyle priorities and needs openly and honestly. Ask them to talk separately, even if you meet them together.
4. **Direct equal attention to both partners/spouses:** Make a concerted effort to listen to each partner's needs, goals and concerns.
5. **Don't expect consensus:** Couples don't have to agree on everything. Look for ways to move forward toward the goals they share.

Couples are the bread and butter of the financial advisory business, but the way that they relate to advisors is changing. It is no longer as common for one partner to take the lead and make the decisions. Today's couples are more likely to take a collaborative approach to financial planning.

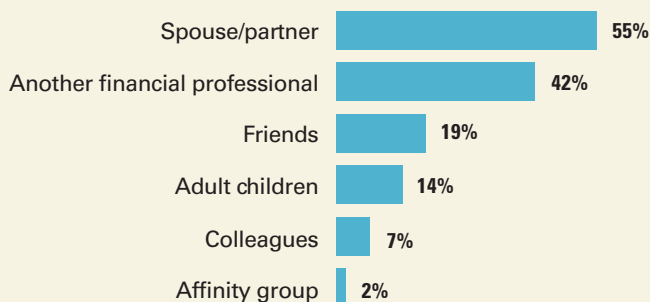
Couples also count on each other for financial advice. Fifty-five percent of the people we surveyed said a spouse or partner was their top source of financial advice, well ahead of financial professionals (42%), friends (19%) and adult children (14%).

HOW COUPLES WANT TO MAKE DECISIONS⁸



Our survey showed that two-thirds of women wanted an equal role in financial decision making, while only about one in five wanted the spouse to make all decisions. Interestingly, many men also want to share decision making.

TOP RESOURCES FOR FINANCIAL INFORMATION AND QUESTIONS⁹



^{8,9} Source: Age Wave/LPL Financial Study, *A New Era of Women and Financial Planning: How Advisors Can Best Meet Their Needs*, 2011

Lesson 3

Communication with women is not business as usual

BEST PRACTICES COMMUNICATIONS

1. Begin by talking about life and family:

Learning about women investors' lives, children, marriages and careers is not just small talk. Personal issues drive investment decisions, and understanding life goals and family dynamics is critical to helping them plan for the future.

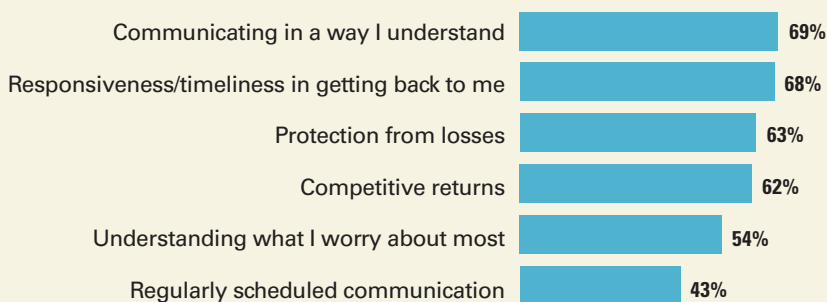
2. Talk less, listen more: Most women say they want their advisor to listen and understand their lives. As a result, communication strategies like demonstrating your product expertise or showcasing your past successes are less successful with women. In fact, our national survey found that women are four times more likely to want advisors to ask them about their hopes and worries than to tell them about their credentials.

3. Be clear: Jargon creates a barrier for decision making. In fact, more than half of the women we surveyed felt that financial terminology was confusing (57%) and made it more difficult to make decisions (51%). Give them clear, simple explanations of their financial choices.

4. Use real-life examples: Women aren't interested in numbers alone. They want to know how financial strategies will affect their lives and those of their families. The women we surveyed were more than three times as likely to prefer real-life examples showing the impact of financial decisions than analytical charts, graphs and statistics alone.

Good communication and responsiveness are critical to winning the hearts and minds of women clients. Because women connect so strongly with the emotional aspects of money, advisors must learn to go beyond the numbers-only financial discussions to create meaningful personal connections. That means that conversations with women investors often begin with life and family issues.

WHAT IS EXTREMELY IMPORTANT IN AN "IDEAL" FINANCIAL ADVISOR?¹⁰



Women investors value good communication — explaining things clearly and getting back to them when they have questions.

¹⁰ Source: Age Wave/LPL Financial Study, Base: Women with spouse/partner, *A New Era of Women and Financial Planning: How Advisors Can Best Meet Their Needs*, 2011

Lesson 4

Discovery may take longer, yet often leads to better results

Women are often more deliberate and take more time in making investment decisions.

BEST PRACTICES**MANAGING A LONGER PROCESS**

To serve women effectively, you'll need to tailor your sales process to this more deliberative process.

- 1. Adopt a win/win approach:** Recognize that a longer sales process can offer additional opportunities to strengthen relationships and understand your clients' financial challenges and goals.
- 2. Invest up front in building trust:** Advisors we interviewed indicated that once they gain a woman client's trust, the relationship frequently becomes more productive and long lasting.
- 3. Uncover additional opportunities:** The information your clients seek can provide clues to the issues that concern them most. A longer discovery process allows you to probe for additional financial needs.

They may want to confer with different experts and do their own research before reaching conclusions. Yet once that investment of time and energy is made, women clients invariably offer significant long-term reward in terms of loyalty, referrals and a productive, lasting working relationship.

Lesson 5

Life events drive investment choices

BEST PRACTICES
BUILDING PEACE OF MIND BY
PROTECTING AGAINST THE
UNEXPECTED

You can help your female clients with the financial planning process by understanding and responding to their need for protection of income:

1. Focus on achieving “peace of mind”:

The financial services industry often emphasizes wealth management or wealth accumulation as a primary goal. However, our national survey found that, for women, achieving financial peace of mind is over seven times more important than accumulating wealth. Women see financial planning as a way to protect themselves against the unexpected, as opposed to simply growing assets.

2. Identify risks: Be honest about the potential risks in any strategy you recommend. Women, in particular, want to be aware of what could go wrong.

3. Create a “lifeboat” strategy: Be sure clients always feel there is a backup plan in place in case of unexpected emergencies such as a health crisis, sudden death of a family member or a big market upheaval.

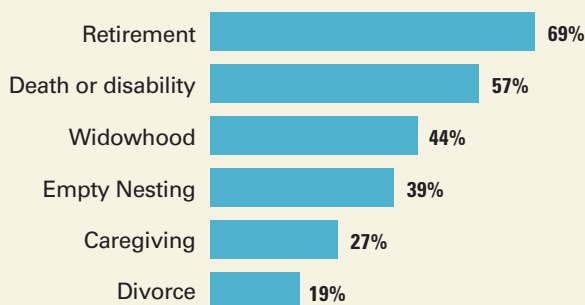
4. Encourage active engagement: Recognize your clients’ need to take control of their own financial planning. You are there to help, but the client needs to feel that she has ultimate responsibility.

Women view financial planning not as an end in itself, but as a tool for reaching life and family goals. As a result, women expect their advisors to understand not just their financial issues, but the larger context of their life and family situation. In fact, according to our national survey, 95% of women and 92% of men say it is critical for their advisor to understand key life events, needs and goals. That means that discussions with women about their loved ones, their values and their hopes for the future are not just small talk. They are the critical first step in building a financial plan.

You can maximize the value of these early discussions by helping your female clients understand the key lifestyle events that will affect their financial strategies—marriage, divorce, aging parents, children, widowhood and career turning points. Spend time on the issues that are unique to women—the likelihood that they will outlive their spouses, may have to take care of ailing family members or may take time out from working to raise children.

And, finally, focus on financial planning as a way to achieve peace of mind. For your women clients, financial success is not about winning, but about protecting themselves and the people they love from uncertainty.

HOW PREPARED DO WOMEN FEEL FOR KEY FINANCIAL EVENTS?¹¹



While most women say they feel somewhat prepared for the retirement lifestage, few feel financially prepared for other key lifestages, such as divorce, caregiving and widowhood.

¹¹ Source: Age Wave/LPL Financial Study, Base: Women with spouse/partner, *A New Era of Women and Financial Planning: How Advisors Can Best Meet Their Needs*, 2011

Lesson 6

Education=empowerment=engagement

Education is an essential key to better engaging women clients in the decision-making process.

Many women recognize they need more information and education to become more involved in financial planning. They seek help from financial advisors. In our national survey, 44% of women told us that the number-one thing that an advisor can do to help them become more engaged in financial decisions is to help them learn more about planning and investing.

**BEST PRACTICES
EDUCATION FOR WOMEN**

Many women feel they don't know enough about investing to make prudent decisions. You can help them by providing information and education tailored to their needs.

1. Make education central to your practice: Every discussion with clients is an opportunity to educate — about financial needs, strategies and solutions.

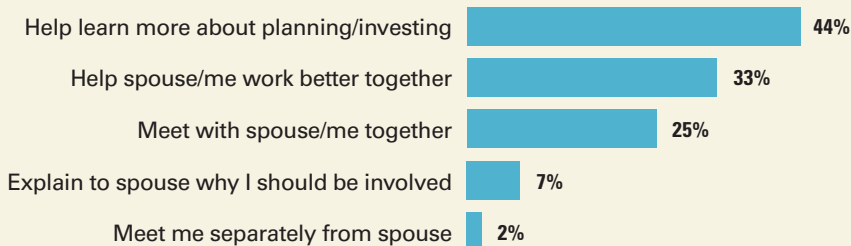
2. Provide access to outside research: Women investors like to confirm and expand on what they've learned by exploring a variety of sources, including the Internet, financial newsletters, magazines/newspapers and online forums. By providing a list of specific research resources, advisors can help clients gain greater comfort to make decisions.

3. Create easy-to-use resources: Make information on the basics readily available — through your website or with a library at your office.

4. Encourage women to learn together: Many women thrive in collaborative group environments. One advisor we talked to created money clubs — similar to book clubs — where women get together on a monthly basis to talk about money.

5. Focus seminars on life stages: Women want education and events that address their life needs, not just their money. In our national survey, women told us that helping them navigate their life-stage events was their highest learning priority.

HOW DO WOMEN WANT YOU TO INVOLVE THEM IN FINANCIAL DECISIONS?¹²



The women we surveyed cited education as the number-one service that their financial advisors could provide to help them become more involved in financial planning.

¹² Source: Age Wave/LPL Financial Study, Base: Women with spouse/partner, *A New Era of Women and Financial Planning: How Advisors Can Best Meet Their Needs*, 2011

Lesson 7

Reap the rewards of loyalty and referrals

BEST PRACTICES GENERATING REFERRALS

1. **Engage** women on a personal, as well as professional, level: Referrals come from trust and personal connection.
2. **Focus on creating “peace of mind”** through challenging life events: Helping your clients through key life events like marriage, divorce, job loss, caring for ailing parents, children leaving home and widowhood creates a bond. It also establishes you as a resource when friends or loved ones are experiencing the same challenges.
3. **Ask if you can help others:** Find out if other people close to your client are dealing with similar issues — and ask if you can provide advice and guidance.
4. **Organize all-women seminars** around life-stage events. Explore the financial challenges of divorce, widowhood, children leaving home, or caring for ailing parents — and ask your clients to bring friends and family members.

Many advisors we spoke to indicated that women are generally very loyal—they maintain long-term relationships, keep assets with their advisors and generate referrals.

In fact, our national survey found that 62% of women were very satisfied with their financial advisors. Women are also more likely to provide referrals.

Women also are more likely to want all of their advisors—attorneys, accountants, financial advisors and others—to work together in a coordinated team. Eighty-two percent of the women in our national survey said that they would prefer a one-stop shop to fulfill all investment needs.

WOMEN ARE MORE SATISFIED THAN MEN WITH THEIR ADVISORS¹³



Almost two-thirds of women are very satisfied with their advisors, versus just over half of men.

¹³ Source: Age Wave/LPL Financial Study, Base: Women with spouse/partner, *A New Era of Women and Financial Planning: How Advisors Can Best Meet Their Needs*, 2011

Conclusion

Women are a growth opportunity

Today, women are working more, earning more and taking an increasing role in planning for their families' security.

ABOUT THE LPL FINANCIAL/ AGE WAVE NATIONAL SURVEY

The LPL Financial/Age Wave WomenINVEST research project is a multifaceted initiative, involving interviews and focus groups with industry experts, financial advisors and women investors. The centerpiece of this initiative was a national survey, conducted in 2011, among a representative sample of 750 women and 250 men, age 45–75, with household investment assets of \$100K+, who were working with a financial advisor, and had at least some knowledge about household financial decisions.

For advisors, a focus on women can result in a solid client base: In general they are loyal, very satisfied with their advisor relationships and willing to provide referrals. Yet success in serving female customers requires a nuanced understanding of their needs, and a willingness to approach the planning process in a way that works for them.

At LPL Financial, we believe that women represent a tremendous, growing opportunity for financial services, and we have developed resources to empower financial advisors to grow their business among women and their families. For more information, please visit womeninvest.lplmarketing.com.