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Service gap has a long-term cost on women investors

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Everyone has seen the glossy ads for what we can look forward to in retirement: silver-haired couples frolicking on cruise liners and golf courses, beaming at the camera and having the time of their lives. But an increasing number of people – especially women – are staring down the barrel of a very different reality.

For starters, the average age of a widow is 56, much younger than what anyone might expect, says Jackie Porter, a financial planner with Carte Wealth Management Inc. in Mississauga, Ont., who co-wrote the book, *Single by Choice or Chance: The Smart Women's Guide to Living Longer Better*.

In addition, Ms. Porter points out that the fastest-rising demographic of divorcees falls within the over-50 age group – a stage of life at which couples expect to be living on the accumulated value of their nest eggs rather than going it alone.

A recent study from the Employee Benefit Research Institute in the United States found that single women and widows are the most likely to face an income shortfall in retirement. One reason for this is that many women have never held important conversations on how to protect their financial security without their partners, says Ms. Porter.

“At the time of their partner’s death, [women] may not be aware if their deceased spouse was insured, if their finances were healthy, or how to maintain their lifestyle as a single person,” she says. “In fact, women who become single by chance often are more vulnerable than women who never married.”

As Canadian women are set to inherit almost half the country’s financial assets – to the tune of \$900 billion by 2026 – the need for financial advice has never been greater. Yet, women still don’t reach out to financial advisors as often as they should, says Judy Paradi, partner at Toronto-based consultancy StrategyMarketing.ca.

Ms. Paradi and her business partner, Paulette Filion, spend their days helping financial services firms and advisors better understand female investors.

“Women are still not being treated the way they expect to be treated. They don’t relate to financial advisors or to piles of money. They’re looking for trust-based relationships and not getting them,” Ms. Paradi says.

In an industry in which 85 per cent of advisors are men, two-thirds of advisors still believe women do not represent a distinct investor segment, according to the [“Women and Wealth”](#) report, published by IPC Private Wealth and Strategic Insight in 2017.

Yet, all the research indicates that the financial needs and objectives of women are not only different from men but are also being underserved, says Ms. Paradi.

When Jane Blaufus coaches advisors on building their practices, she stresses the importance of having what she calls “courageous conversations” with women clients to drill down into what those needs and objectives might be.

“It’s the soft facts that matter,” says Ms. Blaufus, an author, speaker and business coach with The Blaufus Group Inc. in Ancaster, Ont., who has 25 years of experience in the financial services industry. “What I saw on joint field calls with advisors I was training was how often women were completely ignored in the financial conversation. I would see advisors constantly focus on the man and disregard the woman.”

It’s no wonder then why more than 70 per cent of women change their advisor within a year of their spouse or partner’s death – and why experts such as Ms. Blaufus urge advisors to not only get to know their widows better, but to do so long before they become widows.

“Advisors know more about their clients than anyone else,” says Ms. Blaufus. “Ask [women] if they plan to take care of aging parents and if they will step out of the work force to do so? Ask [them about] their unique definition of retirement: ‘Are you going to travel the world or stay at home? Are you going to be a caregiver for your grandchildren? Do you have any dependants who have special needs?’ ”

Most women, she adds, are motivated not by dollar figures and specific performance objectives, but by what money can do for the ones they love. “We don’t look at money as a means to an end, but how it can help our families. How can we make life better because of it?”

In other words, advisors should “relate what you’re selling to what [the client] said was important to her,” says Ms. Filion. “The biggest complaint women have when they deal with a financial professional is that no one asked them, ‘How are you?’ and ‘What’s important to you?’

“Women don’t have a preference for a male or female advisor. But what they do want is good service,” she adds.

Some of that good service might entail creating a retirement plan actually tailored to women. And because they’re more likely to outlive their male counterparts, longevity is an essential part of the equation, says Sara La Gamba, associate advisor at Sheffar Potter Muchan Inc. in London, Ont.

“Averages should not be used in [financial] planning as it puts clients at a great risk of outliving their money. So, it’s important to discuss life expectancy and to get an understanding of family

history, lifestyle and current health,” says Ms. La Gamba, who recommends using the conservative projection assumptions put together by the Financial Planning Standards Council.

“Women are also more likely to outlive their male spouses, so it’s crucial advisors understand the nuances of survivor benefits and how they can be impacted by pension plan options provided prior to retirement,” she says.

It’s also important female clients feel welcomed in their advisor’s office, says Ms. Paradi, who suggests advisors keep family photos on their desk to engage clients in conversation.

“[Women] trust human beings with families and lives they’re not afraid to show,” she says, noting that an even better option is to meet clients wherever it’s comfortable for them. “For many women, respect means recognizing the value of their time.”

Above all that, though, is the level of service and attention that women clients are looking for, says Ms. Paradi. “At the end of the day, it’s about giving meaningful advice on an ongoing basis rather than just handing them a financial plan and meeting [with them] once a year.”