

Wanted: Women Financial Advisors

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Attracting women to the financial advisory profession remains a huge challenge, but those who've found their calling here are determined to tackle it. They're leading initiatives that are part of broader efforts to attract, train and retain advisors who bear a strong resemblance to clients.

Chances are great those clients will be female. Women, thanks partly to superior longevity, are expected to control two-thirds of the nation's wealth by 2030. Nine in 10 women will, at some point in their lifetime, be the sole financial decision-makers for their households. And about 70% of women leave their advisor within a year of being widowed.

Recent research from State Street Global Advisors shows that 55% of women between ages 25 and 34 prefer working with female advisors. It also finds that women using female advisors are more confident in their advisor's investing skills, and more likely to say their advisor has their best interest in mind and at heart.

But female clients who prefer working with female advisors may have a hard time finding one. The data on gender composition varies widely, but all surveys concur the industry remains dominated by males at a time when professions like medicine and law are almost evenly split between women and men.

According to the latest data from analytics firm Cerulli Associates, women represent just 14% of the total advisor and broker head count although about 28% of rookie advisors are female. The percentage of CFP-certified professionals who are women has stayed flat at 23% for at least a decade. The Bureau of Labor Statistics recently found that 35.5% of personal financial advisors are female.

"It's going to be tough for the industry to stay on a forward foot if we don't evolve," says Brie Williams, head of practice management for State Street Global Advisors.

The fact women may find it difficult to find female advisors doesn't mean women aren't succeeding and finding high-profile positions in the business. Many of the best planners are women. At large brokerage firms and other institutions, the number of women CEOs is growing. Lisa Dolly was recently named CEO of Pershing. AIG Advisor Group's executive chairman is Valerie Brown and its CEO is Erica McGinnis. Amy Webber is president of Cambridge Investment Research.

But there remains a big problem at the point of entry and career choice. Pamela Sandy, the founder and CEO of Cleveland-based RIA firm Confiance LLC and the 2016 president of the Financial Planning Association (FPA), says the profession is definitely becoming more diverse—

not just in gender, but in race, age and sexual orientation. “With that said, we still haven’t moved the needle significantly on the number of women willing to enter the profession,” she says.

She hopes to continue to elevate the FPA’s involvement and commitment to diversity and women in the profession. Last year, the FPA launched its Women and Finance Knowledge Circle, an online community for FPA women members to come together to support one another.

Sandy is pleased the profession is starting to reflect a little more diversity among younger advisors. Women represent 32% of FPA NexGen (a community for FPA members age 36 and younger), while they make up only 28% of the FPA as a whole. According to Cerulli Associates, approximately 28% of rookie advisors are female.

The newcomers are noticeably present. “At conferences, young women advisors are visually increasing at a greater rate than I can ever recall in the 15 years I’ve been doing this,” says Nicole Spinelli, director of The WISE Group of Lincoln Financial Network. WISE (Women Inspiring, Supporting, Educating) was launched last year to support the unique needs of female advisors and clients.

Spinelli, like Sandy and others interviewed for this article, stresses the need to mentor and support women advisors. Firms must also do a better job positioning themselves to those who may not even know the industry exists. This includes teaching financial literacy, telling stories about the industry and raising the visibility of current female and minority advisors, Spinelli says.

To envision having this career, “you almost need to see someone who looks and feels a little like you,” says Spinelli. People also need to be told about its advantages. For example, advisors can select a market to serve, be entrepreneurs and impact lives. And she says, “There’s longevity in this industry for advisors to build a life for themselves.”

To help train the next generation of talent, the WISE Group is tweaking Lincoln Financial’s existing apprenticeship model, hosting practice management calls and providing daily coaching messages. It holds events in many cities that unite women advisors from Lincoln and other firms to share best practices, business plans, stories and insights.

Spinelli says she is excited that all Lincoln advisors, not just women, are learning to deepen their relationships with female clients and communicate differently with them. Women are often focused on their children, grandchildren and legacy. “It’s not that men don’t have that,” she says, “but it’s first and foremost with women.”

Professional Empowerment

Eleanor Blayney, the consumer advocate for the Certified Financial Planner Board of Standards and the author of its 2014 white paper “Making More Room for Women in the Financial Planning Profession,” says firms should be a bit creative when recruiting women, minorities and young people who haven’t had a chance to rack up industry successes. Hire them based on what they can do and learn, she says.

“I’m a living example,” says Blayney, who worked for 20 years as an advisor and later consulted to advisors on how to reach women clients. When she first entered the business, she was lucky to have male mentors who saw her potential and believed in her, she says. She also earned her CFP designation right away.

The CFP credential can elevate knowledge, credibility and even career satisfaction. According to a survey from the CFP Board’s Women’s Initiative (WIN), career satisfaction is 72% among women planners with CFP certification, and only 46% among those without it.

The observations of focus groups reveal that female CFP professionals are passionate about their careers and more likely to emphasize the importance of problem-solving and relationships in their work, notes Blayney, whereas those without CFP certification are more likely to describe what they do as a job involving numbers and stress.

The WIN Advisory Panel is working with the new CFP Board Center for Financial Planning (which aims to create a more sustainable supply of new and diverse advisors in the workforce) to help eliminate barriers that can deter women from pursuing CFP certification and a career in financial planning. These barriers include inadequate information, gender bias and discrimination, concerns about work-life balance and a lack of visible role models, networks and professional development programs for women.

“Change can only occur from leadership at the very top,” says Marilyn Mohrman-Gillis, the executive director of the CFP Board Center for Financial Planning, “and CEOs need to embrace the notion that they need to do something proactive.”

Firms can set diversity goals and establish mentorship programs aimed at providing opportunities for women. Firms should also encourage women to earn CFP certification because, she says, “we know that gives women a real pathway for greater success in the business.”

In an effort to build awareness and attract more young talent to the industry—male and female—the CFP Board has programs at 237 colleges and universities. “We also have about 40 programs in the hopper,” says Mohrman-Gillis.

More Than Math

Mohrman-Gillis and Blayney think the industry would attract more women if it dispelled the common misperception that it’s mainly about math and publicized the importance of strong communication and relationship skills. “We’re not all walking quants,” says Blayney, who majored in English in college.

Michelle Lynch, director of the Raymond James Network for Women Advisors, agrees it’s time to clear up the misperception that a financial advisor has to be a math whiz. “It’s really about relationships,” she says, noting that research analysts and dedicated experts often handle much of the number crunching.

Lynch has no doubt the financial planning industry needs more female advisors. “We talk a lot about the client of the future, and that’ll most likely be a woman,” she says. “Women are out-earning men, out-graduating men and outliving men.”

The Network for Women Advisors has a twofold mission, she says. First is to support and retain Raymond James’s more than 900 existing female advisors. Second is to recruit. This includes recruiting experienced advisors from other firms and recruiting women into the industry from other professions. Lynch has seen a lot of successful second-career advisors, including former teachers, attorneys and engineers. The flexibility to work remotely and set one’s hours is also attractive to working mothers, she says.

To support and retain advisors, the network runs three separate, yearlong coaching programs, says Lynch. It also offers training on practice management topics, regional networking opportunities and workshops, and an annual women’s symposium.

Last fall, the network sent women advisors to the Massachusetts Institute of Technology’s AgeLab to learn more about the financial impact of aging. One topic discussed was what to do when older clients are hospitalized. “Sometimes the first person they call is their advisor,” says Lynch.

Two years ago, the network launched its yearlong Registered Associate Mentoring Program (RAMP), which trains and encourages registered sales associates to explore careers as financial advisors. About 30% of Raymond James’s female advisors began as sales associates. Men may apply to RAMP but haven’t so far, says Lynch. RAMP attendees who decide to become advisors transition to the firm’s Advisor Mastery Program.

In December, network members launched a donor-advised fund, the Women’s Giving Circle, to provide financial support to women who wish to become advisors but lack the means. The network and several of its members also sponsor financial literacy programs in schools to raise awareness in communities.

Embracing Diversity

Recognizing that more women will control assets is one thing; understanding how to work with them is another. “We try to educate our advisors that all women are not the same,” says Kate Healy, managing director of marketing for TD Ameritrade Institutional and the head of its Women’s Leadership Initiative. Widows, professional women and stay-at-home moms in charge of household finances may differ in how, when and if they wish to meet, she says.

The Women’s Leadership Initiative also helps firms figure out how to find talent. “Advisors will say, ‘You’ve sold me on why I want to add a woman or diverse candidate—where do I find them?’” Healy says. The initiative’s guidebooks explain how to start internship programs, provide training and convert interns to employees. “We can’t forget about them once we get them in the industry.”

Healy says women account for half the participants in TD Ameritrade's RIA NextGen programs, which include a career exchange job-posting website, a LinkedIn community, webcasts and conferences.

TD Ameritrade Institutional's conferences usually hold networking components for women on the first night. Participants are also welcome to "cross-pollinate," she says, meaning bring a friend or someone they think would be good in the industry.

Katia Friend, a managing director at BNY Mellon Wealth Management, is serious about adding more diverse candidates to the team of 25 wealth directors (which now includes seven women) that she leads in the New York tristate area. "We want to have the right team in place to reflect the diversity of clients," she says. Her team views this diversity mainly as a reflection of how clients came into wealth—either creating or inheriting it.

Friend's recruiting team uses an online tool to assess the traits of all candidates, including their temperament, abstract reasoning and empathy. The candidates' strengths and the areas in which they need improvement are incorporated into one-on-one coaching that all advisors receive their first year. "This sends a signal to everyone that this isn't a women's issue, it's a business issue," she says. Separately, BNY Mellon's coaching university raises awareness and sensitivity to challenges all clients may grapple with, she adds.

Lazetta Rainey Braxton, founder and CEO of Financial Fountains LLC, a fee-only financial planning firm based in Baltimore, is passionate about bringing more women and people of color to the financial planning profession. "As a female of color, I am intentional with those aspects of my identity and take very seriously creating opportunities to invite others," she says.

In addition to working on many initiatives—she is a member of the CFP Board's Women's Initiative Advisory Panel, a member and former chair of the Financial Planning Association Diversity Committee and president of the Association of African American Financial Advisors—she does pro bono work to improve financial literacy in underserved and underrepresented communities.

"We need to nurture the pipeline of women leaders within the profession so we have representation among the industry and impact in the community we serve," says Braxton. But to really effect change, she says, the gatekeepers of the industry must embrace it, too.

"There needs to be the acknowledgement and acceptance that women and people of color are beyond capable of serving in leadership capacities," she says. "We are proven, have credentials, experience and strong work ethics."

Janice Cackowski, a financial planner with Ohio-based RIA firm Strategic Wealth Partners and a host of the FPA's Women and Finance Knowledge Circle, has spent the last six years promoting, through her FPA chapter, the importance of getting more women involved in the industry. Cackowski—a paralegal in a divorce-planning law firm before becoming an advisor at almost 40—hung out a shingle and then worked for a small RIA firm before joining Strategic Wealth Partners as a servicing advisor.

As the firm's first female advisor, working with advisors 12 to 15 years her junior, "I felt like this mother hen going in there," she says. But her ability to build relationships quickly became obvious, and she says the firm hasn't lost any widowed clients during the two years she's been there. She has also built a niche in "suddenly single clients" who are mostly (but not exclusively) female.

Cackowski says the Knowledge Circle's monthly phone calls, launched in 2015, tend to attract 80 to 90 participants. The calls have mostly focused on business issues, such as how to find clients and how to find and focus on a target market. "We've had some good conversations," she says. "We've just touched the tip of the iceberg."

The Knowledge Circle is looking for high schools and community colleges interested in having members teach women about financial literacy basics and the industry—"what it feels like, what it looks like, what you need to get there, and what you need to study," says Cackowski.

Lynch of Raymond James sums up the general sentiment about the shortage of women advisors. "It's an industry problem," she says, "and we all have to band together."