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## **The Changing Role of Women and Wealth: What Motivates Extremely Affluent Women?**

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**Affluent women are playing a much more central role in their family's financial decisions. Learning how they see money and how they want to use it is vital.**

As a financial advisor, each day presents new challenges and demands on your time, talent, energy, expertise and skill. Client families demand, and deserve, not only exceptional technical expertise, but compassionate understanding of the family's mission, values, and objectives. As the societal role of women has evolved, so has their role in the wealthy family. It is important to understand the new reality, that women expect (and should be encouraged) to have a place at the wealth-planning table.

Are you confident that you understand what motivates extremely affluent women? Do you understand the dynamic role of women and the management of their wealth? Are you tuned in to their attitudes toward philanthropy? Do you understand what makes them happy and fulfilled?

### **Here's What You Should Know about the Changing Role of Women & Wealth**

Wilmington Trust/Campden Research recently produced a comprehensive study completed in association with Relative Solutions entitled *The New Wealth Paradigm: How affluent women are taking control of their futures*. This ground-breaking research reveals that unlike their mothers, affluent women today are making and controlling more and more of the family wealth. The study reveals that extremely affluent women (majority with net worth greater than \$50 million) are stepping up to new levels of involvement in the management of their families' wealth, with 88% of those in the study playing a high to moderate role in the management of family assets.

Additionally, over the next decade, women will control two thirds of consumer wealth in the United States and be the beneficiaries of the largest transference of wealth, an estimated \$12 to \$41 trillion, in our country's history. This is HUGE! Furthermore, according to

SheEconomy.com, many Baby Boomer women will experience a double inheritance windfall, from both parents and husbands.

### **For Women, Wealth is Not a Path to Power or Prestige**

So, how do affluent women view their wealth? Today's affluent women often make their financial decisions through the filter of their values. Instead of seeing their wealth as a means to power and prestige, as their parents may have, affluent women view it as a means to independence and a way to pursue the work and social contributions that are important to them. They strive to transfer their values, such as meaningful work, moderation in lifestyle and giving back to the community, to their families.

### **Woman and Philanthropy**

Most wealthy women feel that they have a responsibility to give back. According to the Genspring Family Office study on Women and Wealth, 87% of women believe they have an *obligation* to contribute to society. Women also place an extremely high value on educating their families about financial matters and view philanthropy as an invaluable educational tool for children and grandchildren. In order to accomplish this goal, families need assistance from skilled and caring Advisors to help them achieve their philanthropic mission while keeping younger generations interested, excited and part of the process. According to Williams, R. & Preisser in *Preparing Heirs: Five Steps to a Successful Transition of Family Wealth and Values*, this "woman's intuition" to involve the younger generation reaps huge rewards. Philanthropy is shown to be one of the enduring ties between generations. It also acts as a powerful forum for long-term communication between the generations.

### **Women are Concerned about Educating Their Children about Wealth**

Today's wealthy women want to be more open with their children about family wealth but they fear mishandling the discussions. As noted in Williams' and Preisser's book referenced above, their research reveals that 70% of wealth transitions are not distributed as the Wealth Creator intended. The two main causes of this failure in estate transition plans are; 1) a breakdown of communication and trust within the family unit; and 2) inadequately prepared heirs. Sometimes an "outsider" can facilitate conversations about the family wealth with heirs in a way that is less stressful or confrontational. Creating an environment where open communication is encouraged during regularly scheduled Family Meetings makes multi-generational discussions about difficult topics more palatable and can lead to the successful transition of both the values and the valuables from generation to generation.

## Woman and Happiness

Does aligning wealth with values such as contribution and service result in more happiness? Are wealthy women happier than wealthy men? The Harrison Group (Taylor, Dr. Jim. Harrison Group. (2009). *The Changing Investor: Research Update of Changing Behavior and Attitudes*. Waterbury: American Express) surveyed affluent women (households with \$5 million or more in assets) and asked the question, “Are you very happy?” In the first quarter of 2008, 63% of the women surveyed reported that they were happy. When the survey was done again in the first quarter of 2009, a stunning 83% reported they were happy. (For men during the same time period, their happiness levels also increased but by a much smaller amount, from 64% in Q1, 2008 to 69% in Q2, 2009). During this same period of time 75% of those surveyed expressed a decrease in their feelings of financial security. So, most of the people surveyed were affected by the financial crisis, yet experienced increased happiness levels. But why?

Is focusing on values and giving back a key to happiness levels for affluent women? In *The New Elite: Inside the Minds of the Truly Wealthy*, authors Taylor, Harrison and Kraus find that although in general more money brings only slightly more happiness, the keys to affluence bringing increased happiness include using money wisely (in alignment with values) and pursuing one’s interests and passions.

Similarly, Dr. Martin Seligman, author of *Authentic Happiness* and pioneer in the field of positive psychology, reports that wealth has a very low correlation to happiness levels; the most affluent are only slightly happier than the average person. Materialism, Seligman explains, is counterproductive to happiness levels. As a whole, those who value accumulating money more than other goals are less satisfied with their lives. Chris Peterson, Ph.D., researched life satisfaction as it relates to Seligman’s three paths to happiness: the **Pleasant Life** (having as many pleasurable experiences as possible), the **Good Life** (knowing your signature strengths and creating your work, relationships and leisure time to use these strengths to have more flow in life) and the **Meaningful Life** (using signature strengths in service to something larger than yourself). He found that living both the Good Life and the Meaningful Life brought more life satisfaction. However, Seligman states that increasing amounts of pleasure in life did not increase the measure of life satisfaction.

## Conclusion

The role of affluence in women’s lives is changing for America’s wealthiest women. Women are rapidly establishing themselves as influential members of their wealthy families and of their communities. Navigating the complex maze of decisions faced by wealthy families is daunting, and most affluent women in the Campden Research Study (Wilmington

Trust/Campden Research. 2009) freely stated that they lack surety about the exact road map to success. But they embrace the journey.

Independence, freedom, the ability to choose their own destiny and focus on giving back to their community are the things that motivate extremely affluent women. The ability to pursue work they are passionate about, develop their personal strengths and be of service to those less fortunate make today's wealthiest women happy and fulfilled. They strive to be positive role models for their children and want to pass along their values to their children. They aspire to have more open communication and transparency with their children than they had with their parents. They want to teach their children about wealth, but need some guidance on how to develop money skills and financial responsibility.

Today's wealthy women need caring Family Office Executives and Advisors who understand their changing role and the values they hold dear. Professional support and encouragement are vital to the success of theirs, as well as future generations.

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