WOMEN AND FINANCIAL ADVISING CAREERS:
PERSPECTIVES AND PRIORITIES
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OVERVIEW

The United States is facing an aging population which will be reliant upon self-directed retirement savings vehicles such as defined contribution plans and individual retirement accounts (IRAs). Combine this with low levels of confidence among Boomers and Gen-Xers that they will have enough money to live comfortably throughout their retirement years, only 34% of Boomers and 35% of Gen-Xers were very/extremely confident according to IRI, and the stage is set for explosive growth in the profession of financial advising. The Bureau of Labor Statistics projects the profession to grow 32% from 2010 to 2020, more than twice the rate for all occupations.

A financial advisor can have a significant positive impact on an individual’s financial well-being. Data from IRI demonstrates that Boomers and Gen-Xers who work with a financial advisor are much more confident in their ability to appropriately plan for retirement, among Boomers, 48% compared to 28% who have not consulted with an advisor and among Gen-Xers 48% compared to 29%. Fidelity Investments found in their report, Five Years Later Research, as a result of the financial crisis nearly one-quarter of survey respondents rely more on a financial professional now than before the crisis and their trust in financial professionals was higher than financial services firms.

In addition to this tremendous growth, the profession is poised for major changes. According to the BLS, the current demographic make-up of the profession is overwhelmingly male (69%) and white (85%). In addition, the profession faces an aging issue. Cerulli Associates found, in 2011, that 22% of financial advisors were age 60 or older. Compounding the impending retirements of so many financial advisors is a lack of junior advisors to replace them. Firms need to focus on recruiting new talent, and women represent a tremendous untapped potential.

The opportunities presented by female clients are tremendous. In 2009, women controlled 27% of investable assets globally. In 2011, 51% of working women were employed in management and professional occupations with 24% as executives. In 2010, the proportion of wives earning more than their husbands was 29%. Yet women feel underserved by the financial services industry. The Boston Consulting Group found more than half of the women surveyed felt that wealth managers could do a better job of meeting the needs of female clients—and nearly a quarter think that wealth managers could significantly improve how they serve women. One way to address these concerns and meet the needs of this large and growing group of investors is through female advisors. A recent study shows that 70% of women would prefer to work with a female advisor.

The need and the opportunity are present to recruit more women into the financial advising profession. This report will present findings from a recent IRI survey of college-educated women and their desire to enter the financial advising profession. This report will address the attractions of the profession to women and identify the barriers along with suggestions for overcoming those barriers.

KEY OBSERVATIONS

- “Women may represent only 30% of financial advisors today, but they are unbelievably well-suited to the profession. Women are relationship-driven, consultative, and compassionate and they know how to connect with people.”

- **Women highly value work/life balance and schedule flexibility** when selecting a career. IRI found 94% identified work/life balance and 83% identified flexibility as a very or extremely important criterion.

- Of women who expressed an interest in becoming a financial advisor, their main attractions to the profession are top potential salary (80%), median salary (76%), and the fast-growth of the field (70%).

- Firms can enhance their appeal to women by providing affinity groups and mentoring programs, and offer opportunities to gain experience in highly visible and complex roles within firms.

- When looking to recruit women into the profession, the job—training provisions are an important consideration. IRI found if the training was offered “on the job” (73%), or online or through a local colleges and universities (63%), it would increase the probability of women pursuing a career as a financial advisor.

- **Challenging aspects of the job are not wide-spread barriers.** IRI found having to develop their own clients would have no impact on 40% of women with an interest in being a financial advisor on their decision to become one and 14% stated it would make them more likely to choose the profession.

- **Job stress, another challenge, would have no impact on 40% of women with an interest in being a financial advisor** on their decision to become one and 6% stated it would make them more likely to choose the profession.
THE WOMEN’S MARKET

The “women’s market” refers to the significant and growing financial assets held by women as well as their growing influence and control of financial decision making. Consider these points, in 2009, according to the National Women’s Business Council, eight million U.S. businesses were majority-women owned, accounting for an economic impact of $3 trillion annually. It is estimated women also control roughly two-thirds of annual spending in the United States, accounting for $12 trillion annually. This market is very diverse covering a broad spectrum of women varying by age, income, investable assets, and race/ethnicity. Yet within this diverse market, there are some commonalities financial advisors should be aware of as they engage female clients.

According to Prudential’s Financial Experience and Behaviors Among Women: 2012-2013, 53% of women are the primary income earner, yet they are half as likely as men to feel well-prepared to make financial decisions. Only one in 10 women who are primary income earners feel very knowledgeable about financial products and services. Women are receptive to education to gain a better understanding of their finances, yet it is important to take the time to learn about their needs and goals and design the education around those needs and goals.

Women's financial priorities are different than men's. Women tend to focus more on household expenses, levels of debt for the household, ability to save for retirement and concern about not becoming a burden to loved ones in their retirement years. Women are more risk adverse than men. According to Prudential’s study, 70% of women see themselves as savers rather than as investors.

Allianz in, Women, Money, and Power Study: Empowered and Underserved, advises that financial professionals need to understand that for many women, service-related issues are as important as concerns about returns on investments. Women place a high value on interpersonal skills and personal care. They are put off by a lack of responsiveness and the sense that they are simply getting cookie-cutter solutions.

Given the growing financial influence of women and their preference to work with a female advisor, attracting and retaining women into careers as financial advisors is of great consideration.

THE DESIRE OF WOMEN TO BECOME FINANCIAL ADVISORS

In March 2013, IRI commissioned a survey among college-educated women to measure women’s interest in pursuing a career as a financial advisor. The survey examined, of those women who were interested, what the main attractions were and, of those who were not interested, what were the main reasons for not wishing to pursue a career as a financial advisor.

{ IMPORTANT FACTORS IN SELECTING A JOB }

The majority of employed women were very to extremely satisfied with their current job (58%) and 23% were somewhat to very likely to look for a new job within the next 12 months. When selecting a job, salary and wages ranked very to extremely important by 85% of women, yet several work/life and related factors ranked higher: work/life balance (94%), good relationship with the boss (90%), and meaningful work (87%). Pershing in their study, The 30% Solution: Growing Your Business by Winning and Keeping Women Advisors, identified providing “work-life” flexibility as one of the top ten best practices for recruiting and maintaining female advisors.
{ FAMILIARITY WITH FINANCIAL ADVISOR PROFESSION }

The survey found few women were very familiar (13%) with the financial advising profession and only about one in 10 respondents (9%) stated they considered a career as a financial advisor. Part of the explanation for this, Advisor Group found, is female finance students may be steered more towards careers in investing or banking and not as a financial advisor. As a result, Advisor Group is developing an internship program as way to increase awareness among female finance students to the rewards of a career as a financial advisor.

To assess women's understanding of the profession, respondents were read seven statements about being a financial advisor and asked if they thought the statement was true or false. All the statements were true. More than half the respondents correctly identified each statement as true.
The respondents were then told financial advisors are like life coaches, but for your money. A financial advisor can enrich someone else’s life by helping them to attain financial security. They help clients figure out how to budget, save for retirement, pay off debt, and invest. In the next decade there will be tremendous demand for more financial advisors. The median salary is over $60,000 and increasing. The top financial advisors earn in excess of $350,000 per year. After going over this information about financial advising, respondents were asked how interested would they be in considering a career as a financial advisor. One out of four women expressed an interest in becoming a financial advisor demonstrating that once women have a greater understanding of the rewards of a career as a financial advisor more women will pursue the occupation.

REASONS FOR INTEREST IN BECOMING A FINANCIAL ADVISOR

To identify which aspects of being a financial advisor most appealed to the women who expressed an interest in the profession, they were read the statements above describing the profession and asked to rank them. The salary statements most appealed to these women with 80% stating that advisors can earn up to $350,000 a year and 76% stating that the median salary is over $60,000 as most important criteria for their interest in the profession. These points, plus financial advising will be one of the fastest growing professions (ranked as most important by 70% of women), indicates women understand they can have a very promising career as a financial advisor.

A deeper dive into the data reveals the salary potential had different appeals to different women. For example, women who have a household income of less than $30,000 had a strong interest in the median salary of $60,000 (92%) whereas this had a lower appeal for women who have a household income of over $75,000 (73%). Conversely, the potential for advisors to earn up to $350,000 was of much stronger interest to women with household incomes of over $75,000 (83%) compared with women with household income of less than $30,000 (69%).

In addition to the salary potential, employed women were attracted to the self-employment aspect of financial advising. Nearly 60% of employed women ranked that many financial advisors are self-employed as a very/extremely important factor. As noted above, most employed women are very/extremely satisfied with their current job. Yet the potential to be your own boss combined with the salary potential could be an enticement for some of these women to switch careers.

IMPORTANT FACTORS IN EVALUATING A JOB AS A FINANCIAL ADVISOR

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<th>Factor</th>
<th>Percentage</th>
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<tr>
<td>Top financial advisors can earn up to $350,000</td>
<td>80%</td>
</tr>
<tr>
<td>The median salary of a financial advisor is over $60,000</td>
<td>76%</td>
</tr>
<tr>
<td>Financial advising will be one of the fastest growing occupations in the next decade</td>
<td>70%</td>
</tr>
<tr>
<td>You must have a bachelor’s degree or higher to be a financial advisor</td>
<td>57%</td>
</tr>
<tr>
<td>Many financial advisors are self-employed</td>
<td>55%</td>
</tr>
<tr>
<td>The majority of financial advisors worked in a different profession before becoming a financial advisor</td>
<td>54%</td>
</tr>
<tr>
<td>Many financial advisors are employed by firms such as banks and insurance companies which offer financial training</td>
<td>49%</td>
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Among those women who stated they did not have an interest in becoming a financial advisor, the most cited reason is lack of interest in the position (40%). Are there ways that the financial services industry can position the career of a financial advisor to these women so that it sounds interesting to them? A firm can promote the profession as being about relationships. As noted above, women are relationship-driven and know how to connect with people. The most successful financial advisors are the ones who get to know their clients’ needs, goals, and aspirations, demonstrating that they put their client’s needs first. Trust is a key element of the profession. MetLife in their 2010 study, *Finances and Female Executives*, found 61% of female executives stated a feeling of trust and respect was the most important criteria when choosing a financial advisor. Positioned as a relationship building profession focusing on building trust and respect with clients may change the views of some of the women who think the job of a financial advisor may be uninteresting.

The survey found that 7% of the women who said they were not interested in the profession were due to a lack of training, and 10% stated they are not good with numbers. Firms can address these points through employer-provided training programs and incorporation of affinity and mentoring programs. The next section will provide further detail on these programs.

The women who expressed an interest in becoming a financial advisor were asked about various aspects of training requirements and how much these would influence their decision to become a financial advisor. IRI found if training was offered “on the job” (73%), or offered online or through local colleges and universities (63%) it would increase the probability of these women pursuing a career as a financial advisor. Conversely, the cost of training (57%) and time commitment to train (40%) would inhibit their desire to pursue a career as a financial advisor. This indicates firms wishing to recruit more women into the profession should provide training support either on the job or online.
IMPACT OF FINANCIAL ADVISOR TRAINING REQUIREMENTS ON INTEREST

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<tr>
<th>MORE LIKELY</th>
<th>NO IMPACT</th>
<th>LESS LIKELY</th>
</tr>
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<tbody>
<tr>
<td>You would need training. Some programs take a year while there are accelerated programs to complete the requirements in less than one year.</td>
<td>42%</td>
<td>38%</td>
</tr>
<tr>
<td>The training would cost $4,500 to $5,000.</td>
<td>27%</td>
<td>16%</td>
</tr>
<tr>
<td>The training can be acquired online or through local colleges and universities.</td>
<td>63%</td>
<td>18%</td>
</tr>
<tr>
<td>There are some financial institutions which offer “trainee” positions were the workers are also trained to become certified financial planners.</td>
<td>73%</td>
<td>22%</td>
</tr>
<tr>
<td>You will need to obtain licenses to be able to practice as a financial advisor.</td>
<td>39%</td>
<td>46%</td>
</tr>
<tr>
<td>You will need three years of full-time relevant personal financial planning experience, or two years of apprenticeship experience that meets additional requirements.</td>
<td>31%</td>
<td>28%</td>
</tr>
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Another tool firms can use for training new female financial advisors is mentoring programs. Advisor Group has developed a mentoring program. In this program new advisors are paired with more experienced advisors for one year. While in this program the new advisor will learn marketing techniques for acquiring new clients as well as managing an office, staff, and how to utilize technology to better serve the client’s needs.

Upon completion of training, financial advisors are required to pass a certification test. This difficult test has 300 questions and only 57% of trainees pass the test. IRI asked, of the women who expressed an interest in becoming a financial advisor, if the test would have an impact on their decision to become a financial advisor. The majority of the women stated it would have no impact on their decision.

CHALLENGING ASPECTS OF THE JOB AS A FINANCIAL ADVISOR

The women who expressed an interest in becoming a financial advisor were asked about three challenging aspects of the job to determine how much of an impact these would have on their decision to pursue a career as a financial advisor. IRI found these challenges are not widespread barriers.

The issue of having to take periodic tests as part of the licensing requirement, for the majority (75%), had no impact. A significant percentage of women stated having to develop their own clients (45%) and that the job is stressful (48%) would make them less likely to pursue the profession. Yet nearly equal percentages of the women stated those aspects would have no impact on their decision. In fact, some women found these challenges would make them more likely to pursue a career as a financial advisor.
For those women who stated developing their own clients and job stress as barriers, firms can take steps to help relieve those concerns. With regards to the issue of developing their own clients, firms can implement mentoring programs like the one at Advisor Group noted above. In addition, firms could provide greater access to and support for networking opportunities through sponsorship of workshops or participation in community events. Job stress can be managed through schedule flexibility and work/life balance. As noted above, significant majorities of women identified work/life balance (94%) and flexibility (83%) as very or extremely important when evaluating a potential job. Firms need to emphasize to potential female recruits that work as a financial advisor offers a great deal of scheduling flexibility, allowing advisors to better balance the needs of their careers with the needs of their clients and the advisor’s own life commitments.

**CONCLUSION**

The profession of financial advising is on the cusp of some major changes. As more Americans come to rely on self-directed savings vehicles for their retirement, including defined contribution plans and individual retirement accounts, the need for financial advisors will grow. As demonstrated in this report, women are a large and growing group of investors. To meet the needs of this influential group of investors the financial services industry is recognizing it must adapt and change with the times. This report presents some insights into women's views on a career as a financial advisor.

Salary potential and fast-growing opportunities in the field are positive attractions to women. The provision of training is a key component firms can use to attract women. Firms which offer on the job training or provide at no cost online or local college and university courses will have an edge in attracting women. Other potentially negative aspects of the job can be mitigated by firms. With regard to developing clients, firms can provide more networking opportunities for female advisors to recruit new clients. With regard to job stress, firms can offer more work/life flexibility to help female advisors cope with job-related stress.

Firms are well advised to review their recruitment practices and work place policies to attract more women into the financial advisor profession. As Mindy Diamond, President and CEO of Diamond Consulting noted in Pershing's report, “Women may represent only 30% of financial advisors today, but they are unbelievably well-suited to the profession. Women are relationship-driven, consultative, and compassionate and they know how to connect with people.”
The Insured Retirement Institute (IRI) commissioned Woelfel Research, Inc. to conduct a survey of college-educated women to determine how to recruit women into the financial advisory profession. The research was conducted by means of telephone interviews with 603 adult women aged 25–49. The sample was selected from a list of households in this age group, developed by Accudata, Inc. by compiling data from available sources such as motor vehicle records. Results were weighted by age to the 2011 American Community Survey population from the United States Census Bureau. Data was collected from March 11 through March 26, 2013. The margin of error for the sample of 603 was ±4.0%.

Supporting data were derived from publicly available research from financial services companies (Advisor Group, Allianz, Fidelity, MetLife, Pershing, and Prudential), government sources (Bureau of Labor Statistics and National Women’s Business Council), and other organizations (Boston Consulting Group and Cerulli Associates).
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