



Opportunities for Women in the Advice Industry

Learn why women are ideally suited to thrive in today's wealth management environment.

WOMEN AND THE FINANCIAL SERVICES INDUSTRY

The limited female representation in the financial services industry has been well documented. Although the numbers are climbing, just 20 percent¹ of financial professionals in 2019 were women — a modest four percent increase from the 16 percent² representation reported by Cerulli Associates in 2017. The current level of female representation in the wealth management industry is in direct contrast to the demographic trends occurring in many other professions across the country. Women now compose 51 percent³ of the United States population and represent the majority of the workforce. Significant progress has been made in professions such as law and medicine, where nearly 40 percent^{4,5} of doctors and lawyers are females. Women possess many valuable skills that directly correlate with traits commonly found in a successful financial professional, including the ability to empathize, listen, and create detailed plans. So, why aren't more women pursuing opportunities in the financial services industry?

Cerulli Associates set out to find an answer, and discovered that 49 percent² of female financial professionals cite a lack of familiarity with the finance sector as a major factor preventing women from pursuing a career in the field. Moreover, just 13 percent of surveyed women⁶ were aware of the existence of a financial advising profession. This lack of exposure has led to a general absence of awareness surrounding the many opportunities that exist for women in the financial services industry. Perhaps the most significant involves 'The Great Wealth Transfer,' which continues to shake up the financial landscape with an unprecedented \$68 trillion⁷ expected to pass from aging male baby boomers to their spouses and heirs over the next 25 years. This seismic transfer of wealth represents a meaningful opportunity for many women to enter the industry and connect with female clients, many of whom will control a large share of assets.

Additionally, a career as a financial professional brings with it several unique perks, including the ability to control the calendar and operate with a flexible schedule. For many women, this has become not only a desirable trait in a profession, but an essential one, as they attempt to manage career aspirations and family-related goals. At Cambridge, one of our priorities is increasing awareness around the rewarding opportunities that come with a career in the advice industry.





THE GREAT WEALTH TRANSFER AND THE NEW FACE OF WEALTH

Close to 40 percent⁸ of current financial professionals intend to retire within the next 10 years, leaving the advice industry wide open to educated and qualified replacements. For many women with wealth management career aspirations, this changing of the guard presents a potential opportunity for immediate success. The Great Wealth Transfer – which analysts have deemed the largest shift of generational wealth in history⁹ – is expected to put women in control of massive amounts of wealth in the next two decades. Today, roughly 70 percent of United States affluent-household investable assets – or \$30 trillion in financial assets⁹ – are controlled by aging baby boomers. Two-thirds⁹ of these assets are held in joint households. As male baby boomers begin to pass, women, who on average outlive men by five years⁹, will be positioned to make important financial and investing decisions with significant levels of inherited assets.

Moreover, women are more likely than men to feel they have a critical gap in meeting their key financial goals. As a result, women have exhibited a tendency to seek out new wealth management relationships to better suit their needs after a spouse passes away. This is particularly evident in the case of widows: 70 percent of women⁹ shift assets to a new financial professional and institution within a year of their spouse's death.



THE EVOLVING ROLE OF THE MODERN FINANCIAL PROFESSIONAL

This trend is largely driven by a woman's desire to connect with their financial professional on both a financial and personal level. A recent Hearts and Wallets¹⁰ study found that 66 percent of women over the age of 50 look for a financial professional who can "explain things in understandable terms." Moreover, nearly one-third¹¹ of affluent women identified "trust" as a top priority when selecting a financial professional. Discussing personal finances can be a private and uncomfortable conversation for many, and the ability to communicate and display empathy when speaking intimately with clients is critical. Partly due to their ability to listen, understand, and connect at a high level, several studies¹² have found that women are four times more likely than men to work with a female financial professional.

These communication skills are particularly important considering how the role of a financial professional has developed over time. The industry is trending from an emphasis on investment management to financial planning as fee based accounts become more popular with clients. While many financial professionals choose to specialize in investment management, estate planning, retirement planning, insurance, debt repayment, tax planning or any other aspect of the financial industry, clients are increasingly wanting a holistic financial plan that serves as the base of the relationship. Women who enjoy the process of creating detailed plans may find value in using these skills to help investing clients prepare for retirement, save for a child's education, or simply diversify their portfolio.

1/3

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CONTROL THE CALENDAR, CONTROL YOUR LIFE

Female millennials are entering the workforce in larger numbers¹³ than any of their previous generations, and are looking for specific qualities in a career choice. One of the most valuable is flexibility – specifically, the flexibility to choose when and where to work. A PricewaterhouseCoopers (PwC) study reported that 97 percent¹³ of women identify work-life balance as important to them. Particularly as advances in technology unlock new possibilities, women are increasingly seeking professions that will provide an opportunity for career success without hindering their ability to raise a family. While working with clients does require coordination on both sides, a career as a wealth manager provides scheduling flexibility that many other professions don't. The ability to meet with investing clients at times and locations that are mutually beneficial provides women with the best of both worlds and provides the freedom to participate in important family events.

There are additional characteristics of the wealth management industry that many people, women included, may find appealing. Some of these include:



Problem Solving

Rather than selling



Helping Others

Particularly young investors who don't possess many assets yet



Relationship Building and Mentoring



Financial Planning



MORE WOMEN, NOT FEWER MEN – THE CAMBRIDGE APPROACH

Increasing awareness regarding the valuable opportunities that come with a career in the financial services industry is one of our objectives at Cambridge. As the role of a financial professional has developed over time, there are fewer conversations taking place about beating the market and more about identifying goals that give life meaning. These goals are ultimately accomplished through the process of cultivating strong relationships with clients and creating detailed financial plans that will help them maximize success, no matter what those objectives may involve.

Women, in particular, may be positioned to take advantage of the evolving role of the modern financial professional. At Cambridge, we encourage more quality career professionals to engage in the advice industry. We recognize that by pushing for more women and men to join the profession, the industry as a whole – and ultimately investing clients – can benefit. It's about bringing even more women into our industry, not less men, and helping quality financial professionals move into leadership roles, and empowering them to seize opportunities. Cambridge has strong leadership, including our CEO, Amy Webber – the only female CEO¹⁴ among the top-10 independent broker-dealers in the United States. To execute our mission, we've created several initiatives designed to encourage greater female participation in the advice industry. They include:

Cambridge Community of Women

Created in 2011, the Cambridge Community of Women was launched to bring Cambridge women together on a more regular basis. Initially, this group conducted monthly calls with topics driven by women financial professionals, led by our female practice management coaches. Over time, the group developed an annual luncheon at Ignite, our national conference. The meeting regularly hosts well over 100 women and men for an energized lunch with fellow financial professionals presenting on important topics.

Cambridge Community of Women Forum

Developed as a vehicle for our female and male financial professionals to share ideas, connect, and learn, the Cambridge Community of Women Forum is hosted by female leaders from our home office. The event brings this collaborative community together for a day of networking, collaboration, and inspiration, with the goal of producing new ideas that will fuel business growth.

Cambridge's CEO, Amy Webber was honored in the inaugural *InvestmentNews* Women to Watch in 2016 and Colleen Bell – Chief Fiduciary Service Officer at Cambridge – was named to the *InvestmentNews* Women to Watch list in 2020. In total, 68 percent of Cambridge home office associates and 30 percent¹⁵ of senior executives are women. In the next tier of leadership, 50 percent of our vice presidents are women and 56 percent of our assistant vice president positions are held by women.¹⁵

A CAREER IN FINANCIAL SERVICES – TAKING THE BIG LEAP

According to a study by Insured Retirement Institute¹⁶, 70 percent of women who are seeking a financial professional would prefer to work with a female. This may be of particular interest to women contemplating a career in the wealth management industry, especially considering the massive transfer of wealth occurring across the country and the rate at which widows are seeking a new financial professional after inheriting assets. These developments, paired with the ability to create a schedule that encourages work-life balance and allows for greater flexibility around family events, may appeal to women of all walks of life.



About Cambridge

Cambridge Investment Group, Inc. is a privately controlled financial solutions firm focused on serving independent financial professionals and their investing clients. Cambridge offers a broad range of choices for independent financial professionals regarding solutions for advice, growth, technology, and independence. Cambridge's national reach includes: Cambridge Investment Research Advisors, Inc. – a large corporate RIA; and Cambridge Investment Research, Inc. – an independent broker-dealer, member FINRA/SIPC, that is among the largest privately controlled independent broker-dealers in the country.

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¹Garmhausen, S. (2019). Women make great financial advisors. So why aren't there more? Barron's. Retrieved from <https://www.barrons.com/articles/women-make-great-financial-advisors-so-why-arent-there-more-51559952001>

²Zulz, E. (2017). Only 16% of advisors are women: Cerulli. ThinkAdvisor. Retrieved from <https://www.thinkadvisor.com/2017/01/18/only-16-of-advisors-are-women-cerulli/>

³Keller, K. (2014). Making more room for women in the financial planning profession. Certified Financial Planner Board of Standards. Retrieved from https://www.cfp.net/-/media/files/cfp-board/knowledge/reports-and-research/womens-initiative/cfp-board_win_web.pdf?la=en&hash=614591F5084FDE519B27B7A2D3CA3AC6

⁴Day, J. (2018). More than 1 in 3 lawyers are women. United States Census Bureau. <https://www.census.gov/library/stories/2018/05/women-lawyers.html>

⁵Searing, L. (2019). The big number: Women now outnumber men in medical schools. The Washington Post. Retrieved from https://www.washingtonpost.com/health/the-big-number-women-now-outnumber-men-in-medical-schools/2019/12/20/8b9eddea-2277-11ea-bed5-880264cc91a9_story.html

⁶Fogle, L. (2019). Why more women should become financial advisors. Partners Advantage. Retrieved from <https://blog.partnersadvantage.com/why-more-women-should-become-financial-advisors>

⁷Osterland, A. (2019). What the coming \$68 trillion Great Wealth Transfer means for financial advisors. CNBC. Retrieved from <https://www.cnbc.com/2019/10/21/what-the-68-trillion-great-wealth-transfer-means-for-advisors.html>

⁸Konish, L. (2019). As a financial advisor shortage looms, college programs look to help fill the talent gap. CNBC. Retrieved from <https://www.cnbc.com/2019/05/21/as-financial-advisor-shortage-looms-colleges-look-to-fill-talent-gap.html>

⁹Robinson, D. (2019). Here's how to prepare your heirs for the \$68 trillion 'great wealth transfer.' CNBC. Retrieved from <https://www.cnbc.com/2019/02/22/how-to-prepare-your-heirs-for-the-68-trillion-great-wealth-transfer.html#:~:text=Baby%20boomers%20are%20set%20to,bite%20out%20of%20that%20inheritance>.

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¹¹Baghai, P., Howard, O., Prakash, L., & Zucker, J. (2020). Women as the next wave of growth in US wealth management. McKinsey & Company. Retrieved from <https://www.mckinsey.com/industries/financial-services/our-insights/women-as-the-next-wave-of-growth-in-us-wealth-management#>

¹²Szala, G. (2020). Why diversity hires mean growth for advisors: Study. ThinkAdvisor. Retrieved from <https://www.thinkadvisor.com/2020/06/02/why-diversity-hires-can-pay-off-for-advisors-study/>

¹³PricewaterhouseCoopers. (2015). The female millennial: A new era of talent. PricewaterhouseCoopers. Retrieved from <https://www.pwc.com/sg/en/diversity/assets/female-millennial-a-new-era-of-talent.pdf>

¹⁴Cambridge Investment Research, Inc. (2020). Colleen Bell recognized as 2020 InvestmentNews women to watch honoree. Cambridge. Retrieved from <https://www.joincambridge.com/about-cambridge/news-insights/news/colleen-bell-recognized-as-2020-investmentnews-women-to-watch-honoree/>

¹⁵Cambridge Investment Research, Inc. (n.d.). Cambridge community of women. Cambridge. Retrieved from <https://www.joincambridge.com/solutions-for-financial-professionals/supporting-your-business/the-cambridge-community-of-women/>

¹⁶Hanson, J. (2013). Desperately seeking women: IRI Research explains advisor gap. ThinkAdvisor. Retrieved from <https://www.thinkadvisor.com/2013/05/07/desperately-seeking-women-iri-research-explains-ad/>

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