

The Financially Empowered Woman — FAMILY EFFECTS

By GREGORY T. ROGERS with KELLY COSTIGAN

Highly educated and ambitious, women have more clout than ever in the voting booth, on Madison Avenue and in corporate boardrooms across the nation. They have the power to choose and shape their destiny in ways their mothers and grandmothers could never have imagined. Most importantly, they have money of their own, and that currency, literally and figuratively, is changing everything. The Center for Women's Business Research reports that women currently control \$14 trillion in assets—a number that is expected to jump to \$22 trillion in the next 10 years. Put another way, women's money might be larger than the economy of Japan.

Ask women to handicap their situation, however, and you probably will hear a different take on the story. Tales abound of corporate "glass ceilings," men "who don't get it," and a backlash against the independent woman who speaks her mind.

Perhaps the most accurate way of describing women's progress is that it has been fitful. While their presence and influence in male-dominated professions has increased, women must still fight stubborn attitudes and

realities about the importance of balancing work and family. Interestingly, this fight—and the issues of power, money, relationships and gender politics that go with it—is also being waged at home and across the extended family. Just about every family member is affected and almost all plead confusion, guilt or both on the subject.

That is why it is important to understand the financial empowerment of women over the past 40

years in context: as a unique

phenomenon that is both full of promise and challenge in equal measure. **We thought it would**

be useful to examine the levers

of change that have given rise to

this phenomenon in order to gain a

better understanding of its impact on family leadership, decision-making and relationships.

The Educated Woman

Compared to their mothers, grandmothers and yes, to their XY counterparts, women today are in high cotton educationally. While only one in five attended college at the dawn of the last century, that statistic climbed to an astonishing 57 percent in 2006. For every 100 men who

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graduated from college recently, *The Harvard Gazette* reports that 130 young women joined them. Moreover, women enjoy 50-50 parity in medical and law schools.

Thus, *The Economist* opined in a recent article about women millionaires, "They do better at school and in higher education, and they live longer. Girl power, it seems, never had it so good."

This is why, when the well-educated woman takes time off from the career treadmill to raise her children (60 percent of recent female college grads say that is their plan), she won't be found at home eating bon-bons. On the contrary, she increasingly becomes involved in civic and charity work, starts her own business or segues into the family business.

As a friend quipped to us, "It's misleading to say that you're taking time 'off' or 'out' to care for your family. It's the most challenging work there is. By the way, staying home also doesn't mean you lose the right to use your brain, say what you think and become a vigorous advocate for your concerns and interests. Education is power."

While that may be true, there is no escaping the educated woman's dilemma. Those who decide to apply their smarts and talents to the job of homemaking often find themselves in the predicament their mothers faced: their work is unappreciated, their intellectual life is diminished. As for those who juggle career and family, well, how do you spell exhausted? According to *The Second Shift*, by Arlie Hochschild, working mothers and wives still do the lion's share of cooking and cleaning (or are responsible for organizing that part of a family's life for others to do). While men spend much more time with their children than their fathers ever did, many still view domestic chores as women's work.

The moral of the story? Women have indeed come a long way. But men—fathers and husbands, bosses and colleagues—still follow traditional paradigms. Little wonder then that marriage and extended family relationships are strained by conflicts about roles, responsibilities and shifting power dynamics. Little wonder, too, that a gauzy nostalgia cloaks our thinking about the 1950s of Ozzie and Harriet, and Ward and June Cleaver. Even though we know better, these television fictions are still very much with us, shaping our ideas of who we think we should be as spouses and parents.

Business Savvy

The fast-track to the mommy-track to the entrepreneurial track: that journey tells you something that women have known for years—they lead sequential lives. Therein lieth the lesson of the women's movement, not the false promise of 'having it all.'

Women in droves are starting their own businesses. Over the past two decades, female-owned firms have been growing at a rate nearly twice the U.S. average. According to The Center for Women's Business Research, 41 percent of all privately-held U.S. firms are at least 50 percent owned by women. Entrepreneurship is seen by many women as key to avoiding the roadblocks to professional advancement and wealth; for those with children, the arrangement gives them the flexibility to solve competing home-work obligations in their own way. Unfortunately, things have not changed enough for the majority of working women who are employees.

This trend is emblematic of the fact that women are acquiring significant experience in the business world in general—an experience that is providing them with the skills and knowledge to deal with everything from the

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family budget to investing for retirement to planning strategically for the family business.

What this means for affluent families and business owners is that women are less likely to take a back seat on matters of family governance, business and financial planning and philanthropy. Fathers accustomed to being a majority of one, and mothers threatened by, even jealous of, their daughters' assertiveness may balk as they age and become more dependent on their daughters. Women will need all of their diplomatic skills, not to mention financial savvy, to work through these issues for their family's well-being.

Once upon a time, women were content to serve as the "chief emotional officer" in affluent families with family-owned businesses. They mediated disputes, carried the torch of family unity, and made sure the family's block of Class A voting shares never changed hands. But many in the next generation are writing a very different job description for themselves. They want to leverage their intellectual and professional experience not only for the good of their families' financial and emotional well-being across generations but also for the bottom line of the family firm. Equally important, they are determined to set an example for their children, particularly their daughters, of the capable woman who is as competent as dad to make good decisions.

The Income Generator

The moment of truth has arrived. After the commitment thing, and the meet-the-parents thing, comes the money thing. Often called "the talk" (no, not *that* talk), the consensus is that every engaged and married couple should have it—preferably more than once.

Talk is good. Conversations about money inevitably lead to important clarifications about values, priorities and the importance of money relative to other things. Yet, as the saying goes, talk is also cheap. The real deal about money in marriage is power; the spouse who earns the most, or who has inherited money, generally "holds the cookies" regarding matters related to money. This is not to say that women with less of a financial voice don't utilize equally influential levers of their own, dictating opportunities for intimacy, decisions regarding children, and attitudes around in-law relationships. Couples in the 21st century must grapple with the implications of financial imbalance if they want a dynamic of shared authority and decision-making in their relationship—not one based on who is bringing home the (most) bacon.

The equal earners scenario may be easier, but not that easy. "In relationships where spouses are equal earners, women have the potential to have equal say within the marriage," says Lois Braverman, president of the Ackerman Institute for the Family in New York City. "When that happens, each person has the sense...of personal agency to argue for what they think is fair, just and makes sense" when making decisions about every aspect of family life from vacations to retirement planning.

Given that financial issues can be such a source of friction in a relationship, Ms. Braverman recommends that couples try to consider how money fits into what she calls their "gender ideology." Tough questions about gender assumptions and biases need to be asked when two individuals come together as a couple. What does it mean to be a man? Why do I feel uncomfortable if my wife works? What does it mean to be a woman, and what do I think that I should be or do as a woman—am I 'less than' if I depend on my husband for financial support?

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Additional questions can be asked with respect to behavioral responses to financial insecurities: Do I play into his guilt by reminding him of my career “sacrifice” to raise “his children?” If I feel economically powerless, do I over-compensate by becoming a demanding and overbearing partner? If I do not control the production of economic wealth, do I overly emphasize the enjoyment of material consumption? Does it affect my desire to control the approach and timing for intimacy?

Working through these issues can bring a mutual understanding of each partner’s needs within the money-power framework. Moreover, this process can be helpful to couples—no matter what their income level—who want to reach a consensus about money values and priorities in order to model these beliefs more effectively.

Sharing Intelligence and Experiences

Women are exerting enormous influence over the national and global economies, not to mention that financial engine known as the American family. Today, women:

- Make 80 percent of all buying decisions around the world
- Control 51.3 percent of the private wealth in America
- Bring in half or more of the income in a majority of U.S. households
- Control 48 percent of estates worth more than \$5 million
- Account for 50 percent of all stock ownership in the U.S.*

By any measure, these numbers tell a story of women who are comfortable managing the power of the purse. But are they? Some research indicates that women are not

confident when it comes to matters of personal finance, including those who are well educated and enjoy high-powered jobs as well as substantial incomes. Those responding to a 2005 survey done by Asset Management Advisors of 555 women (almost half with assets in the \$10 to \$100 million range) reported that factors such as low self-confidence, a lack of interest and/or a heavy reliance on a significant other prevented them from becoming more knowledgeable about their wealth.

This is beginning to change. Investment clubs, workshops and programs geared solely to women are flourishing. Groups such as the Institute for Private Investors, the Family Office Exchange, the Circle Financial Group and Tiger 21, all peer-to-peer learning organizations, are open to highly successful, affluent men and women who are eager to learn from one another about making smart, disciplined choices when it comes to managing their wealth.

Finally, the rise of the Internet offers women the opportunity to educate themselves about financial matters with the push of a button. They can tap instantaneously into vast networks of information about personal finance, investment vehicles as well as access their family’s portfolios. As the ‘old girls’ network gathers momentum, it is sure to push women even further on the continuum of independence and sound judgment about money matters.

Role Models and Mentors

One of the major reasons why some women say they are insecure about money is that they have had few role models to emulate when it comes to personal finance. Dinner table wisdom-sharing from dad or grandpa was virtually non-existent a generation ago. The trailblazers

* Statistics from an article by Judith E. Nichols, Ph.D., on supportingadvancement.com

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of the past few decades have not been much help either, trying a strategy that ultimately backfired: they acted like men—complete with in-your-face behaviors and shoulder-padded suits to look the part.

Some women's uncertainty also has to do with their isolation, relative to men, from peer organizations and networks they can turn to for counsel about financial matters. In addition, a high percentage may need extra support because they are first-generation creators or inheritors of wealth.

"Since women are more independent than their mothers were, everyone expects them to be equal participants in the financial arrangements of their married life—when, in fact, they are not," says Lili E. Vasileff, a fee-only certified financial planner based in Greenwich, CT, who specializes in divorce financial planning and investment advisory services for women. "So many women still hand that part of their life over to their husbands. They are just ignorant about it or choose to prioritize other tasks in their daily lives, and that is why they need so much educating...You know, women don't grow up with brokers by their side. They don't have the support and networks that men do. What I find is that women need to have a non-biased process by which they can work through and better understand their financial situation."

That is starting to happen as more organizations are emerging to help women develop a solid understanding of and sophistication about money matters. Sound financial advisory services include portfolio valuation, budgeting, asset allocation, selecting of top-notch portfolio manager(s), tax and estate guidance, and the structure and operation of family philanthropy. Some advisors also delve into the dynamics of a family, helping them to make tough choices about the family business;

inoculating the next generation against the entitlement syndrome (i.e., preaching the importance of hard work, the value of a dollar and how to be effective stewards of their wealth); and guiding members to a consensus about family governance and leadership issues.

As with most things in life, a successful, productive relationship with an advisor is correlated highly with having a client communicating his or her expectations, as well as active involvement in financial and investment decision making.

Skills for Financial Independence

The figures are mind-boggling. Some \$41 trillion is expected to pass from one generation to the next as 78 million baby boomers retire, according to a study done by the Social Welfare Research Institute at Boston College. Since women live longer than men by an average of seven years, much of that wealth will likely end up in their hands. Thus they will be stewards of this wealth during its transition to the next generation—no small responsibility.

With women likely to exert enormous influence over the financial well-being of present and future generations, the question is: are they ready?

Indications are that a high percentage of women still have a long way to go to achieve financial literacy. (By that term, we mean understanding the complexities of our financial system, valuation, asset allocation, budgeting, risk management and so forth.) Some simply lack the knowledge and training that would help to be financially literate. Others, though, are not interested and willfully hand over the financial reigns to men in a remarkable display of what used to be called "the stewardess

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syndrome.” Still others with high-powered jobs, often don’t prioritize money issues because they are busy multi-tasking in other areas of their lives, balancing work with family.

Divorce is often a woman’s first exposure to the reality of her family’s finances—and what a brutal introduction it is indeed. Assuming primary care of their children, but on half the income they once had, many women are shocked to find they face a decline in lifestyle, including the loss of their home. The crisis of a dissolving marriage becomes a wake up call to get their financial house in order.

Women need to proactively advocate for their financial position throughout the lifespan and not just when faced with a problem. That is probably why many Baby Boomers say that the financial education of the next generation is a top priority. According to the Asset Management Advisors survey, many women said they talked openly about the importance of hard work, the value of a dollar and the family’s estate plan with their children. While those discussions may not have happened when they were growing up, they refuse to do the same with their children, particularly their daughters.

Balance of Power in the Family

The shifting balance of power in the American family between husbands and wives is fraught with uncertainty. Even so, experts say this fluid situation is far better than the hierarchical family structure of yesterday.

It was the 1970s when researchers discovered that women raising children in traditional marriages had the highest rates of depression of any group. “The conditions of married women’s lives were isolation in the suburbs, a job [housework] that was not valued enough and a kind of powerlessness, or less power, because of the economics of the situation,” says Lois Braverman of The Ackerman Institute. “Marriage, as it was arranged traditionally then, protected men’s mental health but not that of women.”

Almost 40 years later, it is clear that the traditional family paradigm is undergoing sweeping change. Taking its place is a variety of arrangements based on a marital dynamic of greater openness, communication and varying degrees of equality for female family members. After much fallout, the American family is re-inventing itself.

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Look around. Marriage takes many forms these days, shaped largely by income levels, spousal temperaments and values. The old-style marriage has now morphed into new-style traditional, kind of a benign

dictatorship with a wife who may or may not work but who is definitely a force in her own right. Dual-income couples strive for spousal equality, sharing the duties of hearth and home. Then there are the partnerships featuring house husbands and bread-winning wives, while others star the power couple awash in money who can subcontract virtually any function or responsibility.

Even in this liberated era, the success or failure of these arrangements depends largely on the wife’s ability to balance her responsibilities to family, career (if she has one) and to herself. Walking this tightrope can take a toll,

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and one has to wonder if husbands and wives will ever share child-rearing and housekeeping duties, financial and investment decision-making, more equitably in order to achieve that balance.

The nitty-gritty of financial decision making may, in fact, be one of the best places for couples to start the messy work of sorting out roles, responsibilities and power sharing—all necessary if they are to find that balance and ground their relationship in mutual respect. Asking questions about a range of money matters can be a clarifying moment. What is our spending plan for the next year? What happens if income is significantly reduced? How are investment decisions qualified, particularly when business, friendship and family relationships are involved?

Of course, financial transparency is easier said than done. Women's expectations that they will have more authority over money matters could be a source of tension, especially among men who want to do whatever they please. (Thus, the mantra of 'it's easier to ask forgiveness than it is to ask for permission.')

It is important to remember one thing: there is no turning back. Even women who are insecure about money, along with those who are more traditionally minded, can see what is going on around them. It is highly unlikely that they will behave deferentially as their mothers once did with dad. No longer will they be second class citizens when it comes to making decisions about any aspect of their lives—finances included. At the very least, they will make sure their voices are heard.

Sweeping generalizations based on gender will not obviate the need for very specific solutions for each individual and each family. Family history, regional and cultural biases, personal experiences and partner attitudes all play a role in how the financially empowered woman will find her way toward personal and family well-being.

Final Thoughts

Girl power is tipping the balance at home between husbands and wives; nudging changes in the workplace; and transforming family firms as well as the leadership of affluent families. In years to come, this trend will intensify as members of the Baby Boom generation retire and a significant chunk of wealth passes into women's hands. The course of philanthropy is rapidly changing and will be different with 21st century women at the helm.

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ushered in an era of profound change and adjustment for families. Everyone—men and women alike—is playing catch up. Much as some women

might want to abdicate their financial responsibilities, they know that they can no longer afford to do so either for themselves, their parents or their children's well-being. Women must make effective money decision-making a top priority. If they are to be full players in their immediate and extended families, and in the workplace, women need to be proactive about this area of their lives. A bright future belongs to those families for whom hardened gender-bound ideologies and economics are not drivers of polarization, but rather the focus of conversation, understanding and reinvention.



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