

## YOUR ACTIVE WEALTH PODCAST

# Women and Wealth: Empowering the Future of Wealth

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### Featuring:

**Janet Kelly**, *Head of Practice Management Consulting, BNY Mellon | Pershing*

**VO** [00:00:01] Is your wealth strategy supporting your long-term goals? Welcome to *Your Active Wealth* with BNY Mellon Wealth Management, where we offer insights that can help you move closer to your goals. We'll tackle timely topics through the lens of the five pillars that comprise our Active Wealth framework: Invest, Spend, Manage, Borrow and Protect, and provide guidance on navigating the unpredictable, to help you build and sustain wealth.

**Ben** [00:00:31] Hi, I'm your host, Ben McGloin, and welcome back to *Your Active Wealth*. Women currently control one-third of total US household investible assets, which comes out to about \$12 trillion. Since women generally have a longer life expectancy, over the next decade this proportion is expected to grow significantly, and it is estimated that by 2030 women are expected to control a dominant share of the \$30 trillion in investible assets possessed by baby boomers.<sup>[1]</sup> Women are managing more wealth than ever before, and there are important wealth planning approaches and conversations women should consider to ensure they are financially prepared for life's big moments. Whether it's retirement after a successful career, a sale of a business, divorce, or a death of a partner, how can women best plan and prepare as they acquire more wealth? While these events impact both men and women, in celebration of International Women's Day, we wanted to focus today's conversation on some of the nuance in approach that women can use to successfully manage life-changing experiences, and important financial decisions. To help us tackle this topic, we're speaking with Janet Kelly, head of practice management consulting at BNY Mellon Pershing. Janet, welcome to the podcast.

**Janet** [00:01:41] Hey, Ben, thanks for having me.

**Ben** [00:01:43] So, Janet, let's start broadly and maybe for our audience, can you outline some of the life changing events that could potentially alter a woman's financial situation?

**Janet** [00:01:51] Ben, in your opening remarks, you mentioned two of the events that most women will face; death of a spouse and divorce. These are among the top five financial challenges from all the research we've done that women face. But let's look more close to home. Over the last 2 to 3 years of the pandemic, women's lives were changed dramatically. Working women who found themselves working from home were now doing more work at home, caretaking, home schooling their children, or monitoring that schooling, taking care of older children, college age or post-college who had moved back home. On average, it is said that women took on 19 more hours of work in the home per week. So, how many of us were affected in that way? Industries that were affected most by the pandemic included the leisure industries, hotels, restaurants, the entire travel industry, from airlines to travel services. And those, no coincidence, are the industries that most employ women, from the lowest

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<sup>[1]</sup> <https://www.mckinsey.com/industries/financial-services/our-insights/us-wealth-management-a-growth-agenda-for-the-coming-decade>

levels, entry level, to senior executives. So, for the women that may be listening on this call, how many of them found that their households were turned upside down? Adult children moving back home, perhaps a member of their family furloughed or laid off, a greater need for liquidity to ensure they had more cash flow to take care of immediate needs, more concern about risk, not just health. Other transitions include caregiving in general. Women are typically caregivers, taking care of an aging or ailing family member, a spouse raising children, taking care of a special needs child. So many women find not just widowhood or being suddenly single, but the burden of caregiving, which is a gift, is costly when it comes to financial management. And certainly, most of us look forward to retirement or potentially being empty nesters. And yet that is something that most of us can plan for. It's the unplanned for life changing issues that many of us fear or worry about.

**Ben [00:04:24]** So let's talk about that planning element. From experience, I think most people understand that these events happen, but they don't necessarily plan for themselves. Could you share some practical things one should do before the event, to perhaps put them in a better financial position?

**Janet [00:04:40]** Ben you're so right. Many women, women in particular, shy away from making decisions about their long-term wealth, and then they're exposed if they become suddenly single or undergo an extraordinary life transition. Many married women say they do not have plans in place for their financial future should that occur. So, while each of us has unique challenges, prioritizing financial decisions is essential. It's not all bad news. This can start with merely reviewing and updating your personal accounts, from your banking accounts to your insurance policies, reviewing documents around insurance, homeowner or business owner information, retirement plans. Just becoming familiar with the documentation that represents your financial life can help start a woman on the road to financial independence. Just that level of understanding and having all those documents in hand. I think the next big step that you'd agree with me on is working with a financial professional to, one, get the education she feels she deserves and boy, she does. If reviewing those documents leaves a gap in her understanding, "I'm not sure what this means". We have a trust. We have a will. We own real estate or a business in a complicated way. Financial professionals find that educating their clients is one of the greatest, greatest gifts they can give. It's not about selling services. It's about truly serving their clients. And for many women, I think they don't realize that this is something that they absolutely deserve and should ask for. But that, for me, is a start. Reviewing those documents and before formulating a new or different strategy, truly ensuring that she, that you, are really understanding what your current financial situation is so you can start thinking about the future.

**Ben [00:06:52]** And so from your experience then, when is the best time really to sit down, start that planning and really make sure all those boxes are checked?

**Janet [00:06:59]** Wow. Can I state what I feel might be obvious to me? It's now. Why wait? We're celebrating International Women's Day. Why not make this a restart? It's a new year. I want to be a knowing woman. A woman who has a financial future that she, that I, am empowered to take control of. If that sounds too bold, I'd ask anyone listening, male or female, what advice would you give your daughter? How would you help your daughter become a woman who is financially comfortable and secure? That means knowledgeable and an ability to know where you are now helps you to plan for the future. It sets a baseline.

**Ben [00:07:48]** If that's not a call to action, I don't know what is. So circling back, one of the first things you pointed out was around divorce, one of the challenging life events. And certainly it's one of the biggest life changes that both men and women undergo. So how should our audience think about not just the financial transition, but really the emotional transitions of going through a divorce? In your opinion, are they mutually exclusive, or really should they be considered in unity?

**Janet [00:08:13]** Well, I appreciate the idea that they might be considered in unity because most of us make our business or financial decisions with some level of emotionality, some level of our heart. In this case, I'll say let's let our heart and our head work together. No one marries with the thought that we may eventually get divorced. No one young joining a partner in marriage or in another form of partnership thinks I'm going to outlive this individual. And oh my gosh, let me start thinking of that now. It's hard to think that far forward and yet more powerfully, none of us wants our financial future to be uncertain, no matter her age or stage. So can we commit now to planning for

that eventuality? We know the statistics. Women will outlive men by 5 to 15 years. And do you know the average age of widowhood today is 59? It's a really startling statistic. We know the statistics on divorce. So while none of us are looking forward to these eventualities. We can take the worry or the fear out of the equation by starting now to put a plan in place. That plan does start with some financial education. That understanding of what are some of the things we should do now to protect our future. And if nothing else, how can I, if I'm part of a couple, become more familiar with our plans if he or my partner has been the primary decision maker? Financial understanding and education comes first in my book, so we're all better prepared for the future. We know the time of divorce or a time of widowhood is a very emotional time. It's not a time to make sudden, big changes in your financial situation. That brings on more worry. So let's step back and be thoughtful about potential outcomes and things we can control.

**Ben [00:10:23]** So, Janet, obviously, many of these life events can actually result in acquiring more wealth. So how should someone who recently received an inheritance or perhaps a financial windfall think about liquidity and other money management considerations? I'm specifically thinking about retirement after a successful career. Any thoughts to share there?

**Janet [00:10:39]** Well, I'd say congratulations to anyone in the position of a windfall or an exciting opportunity to have more wealth, more money to be able to use for themselves, for their family, for their community. The first set of questions that I'd advise folks to consider are first, how does such a financial bonus affect your current situation? Today's situation. Are there immediate needs for cash or for liquidity for yourself, for a family member? How will this wealth impact your longer-term needs, wants and wishes? And that's the order I'd put those in. Needs, wants and wishes. And thus, to have a conversation with your financial, professional or wealth manager to embrace comprehensive financial planning. So together with a professional you can review that current financial situation, your investment plans and your estate plans. Considering this opportunity to share wealth or newfound ability to express your wishes.

**Ben [00:11:56]** And along those lines, perhaps for entrepreneurs, we work with many very successful female entrepreneurs that ultimately may perhaps have a sale, a liquidity event, associated with the sale of their business. What tips or advice would you offer here?

**Janet [00:12:10]** The sale of a business can be a really exciting time for so many business owners. Having made the decision to pass that business on to an external successor, or perhaps an internal successor, someone junior in the business or a member of the family. It too comes with many emotions, and yet the complexities of selling a business do require not just one individual advisor, but a team of advisors. With whom are you working at your bank, for example? Where is the financing from, the successor coming from? Is there real estate involved? What are the tax implications? Working with your personal financial manager, your wealth manager? What are the implications to your personal long-term plans, retirement plans, estate plans? Do any of the proceeds need to be protected or guarded in trusts? So here I'll say gather your team of advisors and ensure that across that team, from banking and finance to professional personal wealth management to real estate and tax. Be sure that team is in concert with your wishes so this is the most efficient process possible. So the complexity or the emotions don't get in the way of a really outstanding achievement.

**Ben [00:13:41]** And Janet, you referenced earlier death of a partner, and I guess it's really inevitable, many people will have to consider and perhaps endure at some point in their lives. What advice would you have for our listeners in how to really prepare for this financially?

**Janet [00:13:54]** It is very difficult to say I'm going to project in the future and prepare for the inevitable death of someone I love, and yet to be really practical and to be a terrific partner to that individual, to gather, plan for the outcome that you both wish to see for your children, for your community, for those things you treasure and own. Perhaps a vacation home, as well as your primary residence and your immediate medium term and long-term needs. This can be an extraordinary journey together, planning for our future. Let's not make the potential loss of one or the other partner stand in the way of those terrific plans you've put in place for your family. And of course, when in doubt, work with a professional who can take some objective stance and can be a really good arbiter of

some of the decisions that you all are making for your future. I find for many of the folks with whom we work that having that third party often helps them have even better, more meaningful discussions.

**Ben** [00:15:08] And so to build upon that, Janet's for women who may not be experienced investors, is there anything that they can do to familiarize themselves with the family's investments? If this aspect of the wealth was previously controlled by a partner who's longer with them?

**Janet** [00:15:20] You know, I'll say, Ben, for many, the answer is today. You've heard me say start now, don't wait. But one of the things I know being in the financial services industry is that financial professionals like wealth managers welcome the opportunity to educate, to inform, to inspire confidence among their clients. And it's something like 40% of clients ask for this financial education. Take advantage of the opportunity. Your wealth manager or financial professional is not there just to create investment allocations or to work with your estate attorney on trusts. They are there to educate. You take advantage of the opportunity to get the education you deserve. I recognize that the financial industry investment world can be full of jargon, full of complexity, but let's make the complex much more approachable. By taking those steps to educate ourselves. There are lots of books, lots of recordings and videos. Turn to those you trust most, your family's wealth manager and ask for what you need.

**Ben** [00:16:39] And so once one of these events is behind you, how does it reshape the plan for the future? For instance, is it common for such a pivotal moment to lead to a greater prioritization of leaving a lasting legacy?

**Janet** [00:16:53] Oh, I'm so glad you asked that. So many women across the research we've done and the clients with whom we've worked have said they've had an opportunity to really express their values in their investment portfolio, in the structure of their future plans. For example, more women than men do see their investments as an extension of their personal values. So for many women, learning more about and taking steps in impact investing, making socially responsible investments, investing in environmental, social and ecologically appropriate companies is something they really wish they could do. And in the wealth management world, we can open those doors to helping a woman be focused in that regard. Many women are very philanthropic or charitable minded. It may be an opportunity for many women to say, Gosh, I don't want to just give to my church or to community organizations or other causes I believe in. I'd like to set up a legacy giving plan, take an opportunity to be thoughtful of taking care of others outside my family. Those are the two biggest areas of financial freedom that we hear women express themselves in investing along with my values and really taking advantage to consider philanthropic giving. Perhaps these programs should start today or in the future. Again, working with a professional to determine how best to structure your plans for the future and for today makes the most sense. But I do hear, financial freedom, from many women who are in the position to at last be making some of these decisions that leave a real legacy.

**Ben** [00:18:53] So, Janet, lastly, can you provide three takeaways to help our listeners prepare for these eventualities in a financially smart way?

**Janet** [00:19:01] Well, Ben, I know you, and you're part of our firm, and I am passionate about empowering women to take control of their financial futures. Women are the stewards of wealth, whether that is a small amount or a great deal of wealth. We are the stewards. We are the caretakers. Honor that. So my three things; don't wait, start now, don't do it alone. Call on the resources and the professionals that are in your closest circle. Ensure that you're getting the education you need, the support you need, and the resources you deserve. And finally, like they used to say on television, in the commercials. You're worth it. Believe it.

**Ben** [00:19:50] Terrific. Great insights, Janet, and thank you for joining us today. To learn more about wealth planning for life changing events, I encourage you to reach out to a BNY Mellon wealth manager. I'm Ben McGloin, thanks for joining us, and we'll see you on our next episode of *Your Active Wealth*.

**VO** [00:20:05] Thank you for listening to this episode of *Your Active Wealth*. Be sure to subscribe to this podcast on Apple Podcasts, Spotify, Google Podcasts or Stitcher and visit [bnymellonwealth.com](http://bnymellonwealth.com) to view the latest insights on the subjects that matter most to you.

As of September 2023, Ben McGloin is no longer working at BNY Mellon Wealth Management.

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