

FAMILY OFFICE MANAGEMENT

Empowering female fortune: Insights for family offices and wealthy women

BY ERIN CHAN DING

As women contribute more financially to their families than ever and move increasingly into the ultra-high-net-worth space, how do family offices ensure that they have full decision-making capacity when managing wealth?

A key to increasing the financial awareness and involvement of women is for family offices to focus on gender diversity in recruiting and retaining workers.

Heather Jablow, head of the North American private-client practice for Boston-based Cambridge Associates, said it's vital that family offices act intentionally when it comes to gender representation.

"Family offices who aren't approaching gender diversity with intent aren't only doing themselves a disservice by passing up excellent talent, but they're also potentially limiting client satisfaction," Jablow said. "In our private-client practice,

we often hear from women principals that they value working with a senior woman adviser. That reinforces the need for firms like us to ensure we have talented women at every level to meet the desire of women principals to partner with women advisers."

Righting this imbalance involves both increasing financial awareness among women and ensuring that more of them have thriving careers in wealth management. Research in 2021 by Agreus, a global family office consultancy, found that only about 20% of family office professionals in the U.S. were women; in Europe, the number is 11%.

Jablow said the pipeline of family office talent tends to come from the senior ranks of financial and legal firms or from the leadership of family-owned businesses, making parity at those levels key for better gender diversity in family offices.

"Representation of women in senior leadership roles is essential to making progress," she said. "This is



Heather Jablow, head of the North American private-client practice, Cambridge Associates.

true both as a retention tool, so women who are early in their careers can envision their future at your firm, but also to eliminate unconscious bias that comes with having a homogenous workforce."

Gender representation is especially important as more wealth continues to transfer to women. Research

by the consulting firm McKinsey & Co. predicts that by 2030, American women are expected to control \$30 trillion in financial assets possessed by baby boomers, compared with \$10 trillion in U.S. household financial assets in 2020.

“It’s essential for all stakeholders to understand and be comfortable with the long-term goals and how assets are invested,” Jablow said. “Building this level of comfort requires work upfront to understand all of the factors that influence decisions, including key inputs like long-term spending needs. It’s also critical to align on risk tolerance so that all partners are comfortable with the way assets are invested and may behave through different market environments.”

But building this comfort level will take resolve. A report released in June by the financial services firm UBS found that although one-third of women in heterosexual relationships are the primary breadwinners, less than half feel comfortable in that role.

The UBS survey, its sixth annual “Own Your Worth” report, queried about 800 women and men in heterosexual and same-sex relationships about their income and finances and found that 87% of men preferred being the primary earner, compared with 49% of women who were breadwinners.

“That was probably the most surprising — the huge difference between the percentage of women

breadwinners who say they prefer being in that role,” said Carey Shuffman, head of the women’s segment at UBS.

The disparity in comfort with managing wealth, Shuffman said, can be traced to such factors as ingrained traditional gender roles, as well as the way people have watched their parents handle money.

“This ambivalence with or even discomfort with being the breadwinner speaks to all of these sorts of factors, challenges that conspire to make this something that is not necessarily met with the same enthusiasm or pride that I think it rightfully should be,” Shuffman said. “I think that women earning more, their growing career advancement, their increasing financial clout, purchasing power, it’s all something that should be celebrated and supported.”

The study found that women breadwinners are less likely to handle short-term financial tasks such as bill paying and day-to-day expenses, as well as such long-term decisions as investments and estate and financial planning. While 75% of male breadwinners say they consider themselves highly knowledgeable about overall investing, just 53% of female breadwinners do.

A key takeaway from the UBS report also focuses on ensuring that women know about the risks of disengaging from the financial process. Shuffman underscored how unex-

pected life interruptions — be it significant medical bills, the passing of a loved one or a divorce — can cause significant financial stress and destabilize women who are uninvolved in their finances.

With hundreds of women interviewed who had been divorced or widowed, she said: “They overwhelmingly said that they wish they had been involved in their finances while they were part of a couple. Many found what they would call financial surprises after the passing of their spouse or after the divorce. So certainly, we want to help women avoid financial surprises; we want to help them avoid being caught off-guard if an unforeseen event occurs.”

In families with multigenerational wealth, Jablow of Cambridge Associates said she has seen more gender parity in financial management — and its resulting benefits.

“Families of wealth need to prioritize educating and engaging their daughters and sons equally on investments and creating space on investment committees and other decision-making roles equally,” she said. Higher engagement across beneficiaries increases the likelihood that the family will continue long-term investing together, Jablow said.

“The perspective of men and women in the family, who may have different perspectives on risk, ultimately strengthens investment decision-making.”