

Aligning Wealth with Purpose: Women Taking the Lead

INSIGHTS, TIPS, AND RESOURCES FOR WOMEN ADVISORS SUPPORTING WOMEN OF WEALTH

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Over the next two decades, a projected \$84.4 trillion¹ will pass from the Silent Generation and Baby Boomers to younger generations. “The great wealth transfer” is being hailed as a once-in-a-century event that will have historic impacts on markets—and women are expected to inherit most of that fortune. Women Baby Boomers, who tend to live longer than their husbands, will be the first beneficiaries. Their Gen X, Millennial, and Gen Z children will also inherit significant assets.

In addition to inheriting wealth, more women are emerging as wealth generators. Women today have achieved greater educational attainment and more professional experience than ever before.² It marks the start of a new era of female economic power, the effects of which will ripple across society and sectors, with particular bearing on social impact.

As philanthropic advisors, we have observed that women tend to give generously to charitable causes and take a holistic, values-driven approach to investing. They often approach wealth management and philanthropy with a collaborative spirit. Some support long-term systems change and advocacy initiatives; and invest with consideration for gender and impact. Women of wealth have tremendous potential to move the needle on the most important issues of our time—and they will need trusted advisors to help them do so.

In this pivotal moment, as women take ownership of significant resources, many will reassess their relationships with their advisors. As many as 70 percent of women inheritors will seek out new wealth management providers within a year of their spouse’s death.³ These clients want advisors with deep financial expertise, who operate with a holistic, collaborative approach. We believe women working in family wealth (representing just 15 percent of the sector) are uniquely positioned to lead the way. Rachel Hyman, President of the Family Wealth Alliance (FWA) notes that “The upcoming transfer of wealth is both top of mind and a real opportunity to reassess how firms serve women and their client families more broadly. We are already seeing family offices and multifamily wealth advisors strategically adapt their approach to meet this moment for the unique needs and goals of women clients.”

We are pleased to share our own insights and strategies for women wealth advisors as well as those from an expert panel convened this summer by FWA in Boston.

The participants in the FWA panel focused on aligning wealth with purpose were:

- Julie Castro Abrams, CEO, How Women Lead and How Women Invest
- Abby Newcomer, Associate Managing Director, Arabella Advisors
- Dune Thorne, Partner and Head of Growth & Strategy, Brown Advisory
- Meeta Yadava, Managing Director, BMO Family Office (Moderator)

¹ “Cerulli Anticipates \$84 Trillion in Wealth Transfers Through 2045,” Cerulli Associates, accessed September 2024, <https://www.cerulli.com/press-releases/cerulli-anticipates-84-trillion-in-wealth-transfers-through-2045>.

² Michael T. Nietzel, “Women Continue To Outpace Men In College Enrollment And Graduation,” Forbes, accessed September 2024, <https://www.forbes.com/sites/michaelt Nietzel/2024/08/07/women-continue-to-outpace-men-in-college-enrollment-and-graduation/>.

³ Pooneh Baghai, Olivia Howard, Lakshmi Prakash, and Jill Zucker, “Women as the next wave of growth in US wealth management,” McKinsey & Company, accessed September 2024, <https://www.mckinsey.com/~/media/McKinsey/Industries/Financial%20Services/Our%20Insights/Women%20as%20the%20next%20wave%20of%20growth%20in%20US%20wealth%20management/Women-as-the-next-wave-of-growth-in-US-wealth-management.pdf>.

Women want to work, give, invest, and learn collaboratively

In our philanthropic advising practice, we find that many women bring a learning posture to their interactions with grantees or investees, placing deep value in the strategic and powerful insights of those with lived experiences and programmatic expertise. Women donors also tend to invest in longer-term partnerships with grantees, including providing multi-year, flexible grants. They lean into building organizational capacity and sustainability by devoting more resources to fundraising, communications, and leadership development. Women also frequently contribute in ways that go beyond grantmaking, including through volunteering, networking, and board service.

Women who are parents often seek meaningful ways to engage their children in their wealth management, investing, and philanthropy. This can mean going beyond traditional approaches to building an investment portfolio. Rather than focusing narrowly on returns, panelist Dune Thorne convenes a “diverse network of people to learn from and with whom to build community.” For each investment, she and her family ask: “Is this team of leaders one that we want around our Thanksgiving table? Can we learn from and with them, and will they shape the way our children are thinking about the world?” Thorne’s approach centers her family’s philanthropy in the joy of learning together and building values for the next generation.

Women want to align their investment portfolios with purpose

Women understand that impact-driven investments can yield strong returns while also generating progress on personal and societal fronts. A recent survey by RBC Wealth Management showed that women investors are twice as likely as men to invest in environmental, social, and governance issues,⁴ and that, during and following the pandemic, the number of women served by financial inclusion-focused impact investing companies increased dramatically.⁵

Panelist Julie Castro Abrams believes wealth advisors can do more to help women investors understand that impact investing doesn’t mean compromising returns. In fact, mission-aligned investing “might return you a lot more money than investing in some of the more financially conservative, traditional options,” Abrams says. “You can double or triple your money if you invest your endowment or donor-advised fund in things that are values aligned.”

In her own practice, Abrams says data is a powerful tool in correcting misperceptions and encouraging women venture capitalists to support other women. For example, her clients are often surprised to learn that women-owned companies outperform those owned by men by 35 percent and Black women-owned companies yield the strongest returns.⁶

⁴ Ann Senne, “As women gain power, interest in ESG investing grows,” RBC Wealth Management, accessed September 2024, <https://www.rbcwealthmanagement.com/en-us/insights/as-women-gain-power-interest-in-esg-investing-grows#:~:text=And%20increasingly%2C%20studies%20show%20that,into%20their%20policies%20and%20decisions>.

⁵ Jacob Tate and Sophia Sunderji, “The Intersection of Financial Inclusion and Gender during the COVID-19 Pandemic: Insights from Impact Investing,” Center for Financial Inclusion, accessed September 2024, <https://www.centerforfinancialinclusion.org/the-intersection-of-financial-inclusion-and-gender-during-the-covid-19-pandemic-insights-from-impact-investing/>.

⁶ Juliana Garaizar, “The Rising Tide: A ‘Learning-By-Investing’ Initiative to Bridge the Gender Gap,” Kauffman Fellows, accessed September 2024, <https://www.kauffmanfellows.org/journal/the-rising-tide-a-learning-by-investing-initiative-to-bridge-the-gender-gap>.

Women see the need to address large-scale challenges comprehensively

Traditional grantmaking has limitations when it comes to addressing social and environmental challenges, and many women donors see the value in pursuing systems change through their giving. This can take the form of influencing policymakers to adopt stronger policies in support of communities or giving directly to political efforts. Advocacy strategies depend on the donor's individual goals, their comfort with risk, and their legal constraints. Those who donate explicitly to political efforts do so individually or through other structures, including LLCs, donor collaboratives, or 501(c)(4) organizations. But 501(c)(3) nonprofit foundations have compliant options for supporting advocacy initiatives, too. Donors can issue general operating grants for organizations to fund operations, research, or awareness campaigns on issues that can sway the direction of policy downstream. As Newcomer notes on the panel: "A great complement to [traditional grantmaking] is support for systems change. It can look like investing in a ballot initiative, a candidate or campaign and it can include 501(c)(3) compliant advocacy and education efforts, such as investing in nonprofit organizations whose staff are knowledgeable about [an issue] and who can communicate compellingly with elected officials."

However, pursuing policy and systems change can be a slow process that doesn't produce immediate and measurable results. It's an approach best suited for donors who are comfortable committing to a lasting vision and can weather the ups and downs that come with playing the long game.

Women wealth advisors are uniquely positioned to serve women clients

All of this points to the enormous value women wealth advisors bring to the table. Panelist Meeta Yadava believes that "family offices have always connected clients with purpose." She notes that, "over the past decade we have witnessed a notable increase in market dollars flowing into impact investing and philanthropy. This surge can be attributed largely to shifting demographics, with more young people and women entering the fold." Women have strong instincts for what it means to align wealth with purpose. As advisors, they have an opportunity to help them achieve their financial and social impact goals in the following ways:

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– Meeta Yadava

- **Raise conversations about aligning wealth and purpose early.** Women and next gen inheritors are eager to explore a range of approaches to philanthropy and impact investing. The key is to engage them early, so they have the time and space to consider their personal beliefs and goals *before* the wealth transfer takes place. This allows wealth advisors and family offices to build trust and share strategic guidance on the range of options available to align clients' wealth with their values. Prioritize these conversations as soon as possible to allow the inheritor to articulate their objectives.
- **Support them with engaging their children.** For women who want to engage their families and children, wealth advisors may find it most effective to assign multi-generational teams that specialize in this type of engagement. Involving children in philanthropy and impact investing models positive values like compassion, celebrating diversity of perspectives and life experiences, and lifting up the family's legacy.

- **Recommend learning experiences that align with their interests and style.** When supporting women donors, donors of color, or next gen donors, wealth advisors may consider offering opportunities for their clients to engage with peer networks and donor collaboratives. Groups such as Women Moving Millions, Forward Global, Resource Generation, the Donors of Color Network, Confluence Philanthropy, and local giving circles present rich opportunities for shared learning, community building, power sharing, resource amplification, and cross-pollination.
- **Build up strategic giving in phases.** Many new donors feel intimidated by their giving responsibilities. Some will immerse themselves in learning and strategic development and delay grantmaking. Wealth advisors can lower the stakes by recommending clients start with smaller or shorter-term grants that provide experiential opportunities. This tactic allows new donors to get their feet wet while also meeting organizational leaders, learning about their missions, and contributing as volunteers. It's a low-pressure introduction to specific organizations as well as the nonprofit sector more broadly.
- **Provide examples of women who are challenging the status quo.** Philanthropy powerhouses like Mackenzie Scott and Melinda Gates are giving in new ways, including giving in large amounts and in partnership with others. More and more women are investing with a gender lens, with an eye toward financial inclusion, and in pursuit of strong climate outcomes. Women are also investing in other women through venture capital. Sharing examples can inspire women investors to deploy their own wealth with purpose.
- **Recommend purpose-driven rebalancing of foundation, donor-advised fund (DAF), business, or personal investment portfolios.** Most DAFs and foundations customarily give the minimum IRS pay out each year, while holding the remainder for future investments. Those advisors who direct foundations have an opportunity to expand clients' impact both by donating a greater proportion of assets each year and shifting the remaining funds to values-aligned impact investments.

Conclusion

As women take control of a greater proportion of the world's wealth, they will do things differently. We believe there is an extraordinary opportunity for women wealth advisors to meet the moment by applying the principles we've shared here, while continuing to offer the personalized, creative, and responsive support they have long provided.

In addition to the expert advice provided here, women wealth advisors should draw upon the varied and complementary knowledge of their colleagues who specialize in impact investing, philanthropic practice, and family office oversight. Through peer support and collaboration, advisors can expand their skills and networks to further enhance the support women and next gen donors receive.

The authors would like to express our gratitude to the Family Wealth Alliance, which convened the panel on aligning wealth with purpose and to the wonderful panelists.

Additional Resources and Recommended Reading

- A new report from NCFP, Arabella Advisors, and ideas 42: “[Overcoming Psychological Barriers to Giving](#).” August 2024.
- How Women Lead: “[What Can Women Do to Align Their Investments With Their Values](#).” September 2024.
- Arabella Advisors: “[Four Takeaways from “The Rising Influence of High-Net-Wealth Women in Philanthropy](#).” June 2023.

About Arabella Advisors

Arabella Advisors is an award-winning philanthropic consulting firm and certified B Corporation dedicated to making philanthropy more efficient, effective, and equitable while helping our clients derive greater meaning and satisfaction from their work. We provide bespoke guidance and operational support to changemakers of all kinds—including families, individuals, foundations, corporations, and nonprofits—to help them achieve significant impact. A small, dedicated team of family and individual giving experts ensures that our clients enjoy a boutique firm experience while benefitting from our expansive services, deep networks, and complex implementation insights. Learn more at www.arabellaadvisors.com.

About the Family Wealth Alliance

Since 2003, the Family Wealth Alliance has been the only organization focused on connecting and supporting North American multifamily wealth firms. We are a collaborative, member-driven network that provides proprietary research, industry thought leadership, intimate events, and facilitated networking opportunities. The ideas brought forth by the Alliance have touched all aspects of the family wealth industry and made a positive difference in the businesses of hundreds of firms, including multifamily offices, external CIOs, high-end wealth management firms, trust companies, and the family office practices of private banks and law and accounting firms. Together with our members, we have curated a collaborative, peer-led community united by shared values and fueled by a desire to serve clients and the industry at the highest level. Learn more at www.familywealthalliance.com.