THE BIG SHIFT

The wealth transfer from baby boomers mostly benefits women

Financial advisers pivot to a new, growing customer base

By Brittany Shammas

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(Illustration by Simone Noronha for The Washington Post)

Two dozen women gathered in a California living room one night in 2018, ready to talk money.

Britt Williams Baker, a Harvard Business School graduate and former consultant, had been offering friends how-to sessions on investing when she realized that many needed to start with the basics of budgeting. So, teaching alongside her that night was best friend Laurie-Anne King, a women's empowerment coach who had been on a personal finance journey of her own: paying off $40,000 of debt.

The name Baker gave the circle? Dow Janes.

In the years since, Dow Janes has grown from a small group of friends helping friends into a business that offers paid online courses. Baker and King teach women across the United States and Canada how to take control of their money, with a bold mission at the heart of their work.

"More money," King said, "in the hands of more women."

By many measures, that dream is on its way to becoming a reality. Women's economic power exploded into public consciousness in 2023 through the triple-punch of the "Barbie" movie, Taylor Swift's Eras Tour and Beyoncé's Renaissance Tour (and their respective concert films), three female-led megahits that broke records and upended assumptions in what one bank, UBS, dubbed the "Summer of Women."

And this is no fleeting trend. Instead, it's a sign of a seismic shift underway in the United States: Women are gaining more economic power. They start more businesses than their male counterparts. They earn as much or more than their husbands in 45 percent of heterosexual marriages. Among solo households, they own more homes. And by the end of this decade, a 2020 study by the business consulting firm McKinsey found, women are poised to control much of the $30 trillion in wealth expected to be possessed by baby boomers. To underline just how staggering a figure that is, the researchers note that it is close to the annual U.S. gross domestic product.

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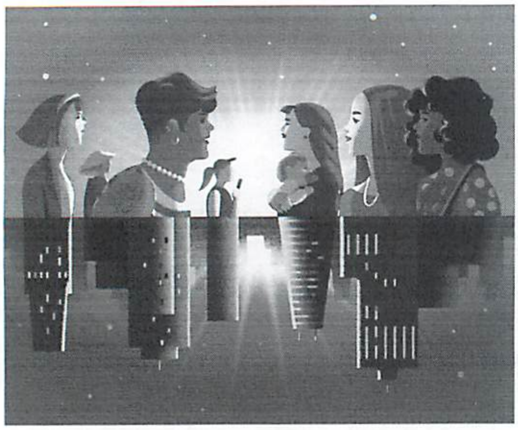

In the coming decade, women will hold greater economic power than in previous generations. This series captures the increasingly influential role women play in the American financial landscape. Read the series.

But there's a lot of catching up to do in a society that often underestimates women as an economic force. Gender norms and industry demographics continue to contribute to a sense among girls and women that finance isn't for them, not in their home lives and not in their careers.

Meeting the moment means ushering in systemic change, experts said — not merely putting pink on brochures.

The monumental shift expected to unfold by 2030 will not only reshape the lives of women. Because of differences in the way women use their spending power, it could also have profound effects on the nation as a whole. The way Sallie Krawcheck, CEO of the women's investment platform Ellevest and a former Wall Street executive, sees things, women controlling more cash just might change the world.

"When women have the majority of the money and when they step into their power — I don't want to say be empowered — but when they recognize the power that money gives them, everything changes," she said.

Shifting demographics

The flow of trillions of dollars into women's hands is a trend being driven mostly by demographics. Women now control about a third — or $10 trillion — of total U.S. household assets, according to McKinsey. Men remain the financial decision-makers in two-thirds of well-to-do households, defined as holding $100,000 to $10 million in personal investable assets. But as male baby boomers die, they will leave their assets to their wives, who are typically younger, with more years ahead of them — six years on average, according to research recently published in JAMA Internal Medicine.

At the same time, younger affluent women are taking charge of their finances. More women are in the workforce than ever before, and the labor force participation rate for those in between 25 and 54 years old hit an all-time high over the summer, at 77.8 percent, according to the Bureau of Labor Statistics. And among married women, 30 percent more of them were making financial and investment decisions by 2020 compared to five years earlier, McKinsey's research found.

For King, a 35-year-old Washington state resident, money was a major stressor early in her marriage. Her husband was a third-generation financial planner; she grew up with little financial literacy and didn't see the big deal in carrying a credit card balance month-to-month.

Eventually, she said, she came to a realization: "I'm going to mess this marriage up if I don't educate myself." After a crash course on personal finance — downloading an app called You Need a Budget, reading a pile of books on money management, sitting down for husband-wife budgeting sessions — she paid off tens of thousands of dollars in credit card and student loan debt.

Then King took what she learned and taught it to other women, first in Baker's living room and now through Dow Janes. Since its 2020 launch, more than 20,000 women have enrolled in its signature program, Million Dollar Year, according to the company.

"People are so hungry for this," King said. "And there's a really underserved portion of the market around women and money, where we don't know who we can trust — and we don't want to be spoken down to by someone."

That's a real concern. Women's complaints about the financial services industry are both lengthy and long-standing: They report feeling sidelined and patronized, their priorities not understood. A 2009 Boston Consulting Group study published in Harvard Business Review put the issue bluntly, saying that financial services "wins the prize as the industry least sympathetic to women."

More than a decade later, the issue remains. In one especially eye-opening statistic, 86 percent of asset managers admitted that their default customer — "the person they automatically target with their products" — is a man, a study by BNY Mellon said.

Women continue to feel closed out of financial discussions and overlooked by financial advisers. Common wisdom among financial advisers for the past decade has been that 70 percent of widows switch to a new financial institution after their spouse's death. Frustration is even more pronounced among Black and Latina women, who are three times as likely as White women to say financial services do not fit their needs, research by J.P. Morgan found.

"It's a feeling of a lack of respect," said Lacy Garcia, CEO of Boston-based Willow, which trains financial professionals to better serve female clients. "In so many meetings, the person who's giving the advice is looking only at the man — isn't even engaging the woman in the conversation. And a lot of times, she's the one with the money. I hear that all the time: 'They're not even looking at me.'"

To do better by those she calls the "New Majority," her company urges advisers to build relationships with the wives and daughters of their male clients and ensure they are part of the discussion. Advisers can't simply retrofit offerings built with men in mind for female investors. Instead, they need to understand the unique financial challenges that women tend to face, including earning less, living longer and taking more career breaks.

Some of the advice is simple: Use the word "women" instead of "females." Make eye contact. Don't assume you know what she wants — ask her.

For advisers who complete a training regimen, Willow offers a credential: "Certified Advisor for Women."

"We're trying to create systemic change from within," Garcia said.

Building confidence

A big part of the challenge for women is that the world of finance remains stubbornly male-dominated. The majority of financial planners are White and male, with more than 45 percent over 50 years old. Ninety-eight percent of the money invested in mutual funds in this country is managed by men.

Women who have broken the glass ceiling in the past tell stories of being the lone woman in a roomful of suits, of losing job offers over pregnancies, of being held to different standards. "There were no other women in my area," recalled Stacy Francis, the president and CEO of Francis Financial, who began her career in the '90s as an investment banker. "We had a few secretaries that were women, but out of our investment banking division, analysis and above, I was the only woman."

Initially a French major in college, she had pictured a career of translating documents and, she quipped, "eating lots of baguettes with Nutella." She changed course when one conversation brought into sharp focus the importance of financial security for women.

It happened when Francis was 18 years old and asked her beloved grandmother Myra why she stayed in an abusive marriage. The answer? She felt trapped financially.

"That's what pivoted my entire life," Francis said.

Her firm caters to women navigating life changes, and produces a podcast, Financially Ever After, that has covered divorce and widowhood. She also runs a nonprofit, Savvy Ladies, which provides free financial guidance to women, including through a helpline staffed by certified financial planners.

Francis has noticed a common thread in her firm and her nonprofit: "Across the board, the vast majority of people who come to us really lack financial confidence. And the other piece they come with is shame," she said. "And it's the shame of not knowing more."

Research bears out that observation. BNY Mellon found that globally, only 28 percent of women feel confident about investing some of their money. McKinsey reported that only a quarter of affluent women said they were comfortable making investment and savings decisions alone. Compare that to the figure for men: 40 percent.

Karen Dressel, a 47-year-old vice president at a Pennsylvania transportation company, likened her longtime approach on finances to an "ostrich in the sand." She got emails about her 401(k) but didn't open them — why bother if you don't understand? — and just hoped that the money would be there when she needed it. She considered herself to be fairly smart and educated, but she didn't know where to begin when trying to grasp finances. She feared looking ignorant.

Then, last year, Dressel signed up for a workplace session called "Make Your Money Work for You." Soon she was maxing out her 401(k) match, opening a new savings account and meeting with a Willow-certified financial life coach. They came up with a plan to put money toward a three-month emergency fund, with a trip to Mexico as a reward when she hits her goal.

"For the first time," she said, "I felt like I was in control of my money, and my money wasn't in control of me."

Even among groups of friends, money is viewed as a third-rail kind of topic for women. King, of Dow Janes, called it "the last taboo." And while finance-related media targeted at men is mostly positive and affirming, the media aimed at women is scarcity-minded, Krawcheck said.

"Women have been messaged from childhood that this doesn't belong to them," she said.

But women can make formidable money managers. Multiple studies have concluded that female investors achieve better returns than their male counterparts. From Krawcheck's perspective, women perform better because they "don't freak out as much" and tend to keep a longer-term view, letting their money sit instead of making trades in tumultuous moments in the daily stock market.

The percentage of mutual funds run by women "would make you think women just aren't good at this," Krawcheck said. "Then you look at the numbers."

Various efforts are underway to try to get more women involved. A Council for Economic Education program called Invest in Girls starts young, teaching the basics of personal finance to teenage girls and linking them with women in the industry. Shannan Taylor, director of development, said that as a former finance center manager for a bank in Baltimore, she "didn't see any women — and I definitely didn't see any Black women."

Connecting with women in the industry can be transformative for girls, she said: "It's like, 'Oh, this is cool. If they can do this, I can do this.'"

The goal of the program is twofold: to create a generation of financially savvy girls and to boost the number of women in the industry.

"If we can expose younger girls to this and open their eyes to the possibilities," said Rebecca Patterson, board chair of the Council for Economic Education, "think of all the talent out there that we could unleash."

An unorthodox initiative seeks to boost women's confidence and risk-acceptance through another activity that remains dominated by men: poker. Poker Power, started by Peak6 co-founder and self-made billionaire Jenny Just, is on a mission to teach a million women "how to negotiate, assess risk, and make decisions with confidence — from the classroom to the board room and at every seat in between."

Erin Lydon, president of Power Poker, first scoffed at the idea when Just, her friend from their days as the rare women working among men in Chicago's finance world, pitched it to her. Then, she learned how to play.

"As I started going to lessons, it started becoming clear to me that this is not a game of chance. It's a game of skill, and those skills transcend from poker to life," Lydon said.

Now she teaches those skills — problem solving, risk taking, strategic thinking — to other women. "One hand at a time," she said. (An online version of the poker game called Texas Hold'em can be found here.)

When women take charge of their finances, said Dow Janes's King, the impact is far-reaching. They have louder voices. They have more options across all facets of their lives. And to King, that's a pretty big deal.

It is, she said, "the way that I define freedom."