

## **Women and Philanthropy: Inspiring and Engaging Your Clients in Giving**

*The number of wealthy women seeking financial and philanthropic advice is on the rise. For advisors, asking the right questions can unleash a treasure trove for charity—and deepen your bond with your female clients.*

The number of wealthy women is on the rise. Women are acquiring greater personal wealth through business ownership, escalating salaries, and inheritance. They are also making their own financial decisions, from household budgeting and money management to philanthropy. For advisors, asking the right questions can unleash a treasure trove for charity—and deepen your bond with your female clients.

Studies show that women are actively seeking help from financial advisors. Between 2010 and 2015, an estimated \$12.5 trillion will transfer into the hands of Baby Boomer women. Most will eventually have sole custody of those assets, as they are likely to outlive their husbands and other male relatives.

A recent Merrill Lynch Investment Managers survey revealed that high-net-worth women are younger than their male counterparts. Sixty-one percent of the women surveyed were between 45 and 55 compared to a general high-net-worth population in its 60s. That spells more opportunities for advisors and a greater chance of bringing the next generation on board, as women confront their children's financial training, college education, care of an elderly parent, retirement, and estate planning.

Aside from their enormous wealth, high-net-worth women make ideal albeit persistent clients. "Women want to understand every angle, research on their own, and above all, ask questions," says Kathleen Miller, MBA, CFP, and president of Miller Advisors, Inc., in Kirkland, Washington. But a patient advisor who enjoys educating and informing clients will find that women are extremely decisive once they have all the facts.

### **Women's Entrepreneurship Increases**

One of the driving forces behind women's newfound financial power—and philanthropic mindset—is entrepreneurship. Between 1997 and 2004, the number of privately held, women-owned businesses in major metropolitan areas soared by 30 percent, compared to a 10 percent growth rate for all firms, according to the Center for Women's Business Research at Harvard

Business School. Today nearly half of all privately held firms are at least 50 percent owned by a woman or women.

Contrary to popular belief, women business owners are more willing than the general population to take risks in securing financing and making investments. "These women are entering the economic mainstream and serving as role models for all women who want to grow their businesses," says Myra M. Hart, chair of the Center for Women's Business Research and professor at Harvard Business School.

While women and men business owners surpass the general population in their level of involvement in philanthropy, both in money donated and time volunteered, women are more likely to serve in leadership positions within charitable organizations, such as sitting on boards or fundraising, according to a survey conducted by the National Foundation for Women Business Owners, based in Washington, D.C. And half of women with assets of \$1 million or more contribute at least \$10,000 annually to charity compared to 40 percent of men entrepreneurs.

"Women seem increasingly drawn to nontraditional charities, whether financial training for girls or raising scholarships for women in need," Miller says. "Powerful women are fully aware that they can leverage their philanthropy by serving as role models and mentors for other aspiring businesswomen who may be less fortunate."

### **Community Foundations Step In**

Indeed, more and more women and men are earmarking donations specifically to women's funds at community foundations. The assumption behind such funds, backed by numerous studies, is that women and girls benefit more from same-sex versus universal programs. Only five to seven percent of overall community foundation funds have been earmarked for girls and women, says Simone Joyaux, founder and chair of the Women's Fund of Rhode Island at the Rhode Island Foundation.

The Women's Fund of Rhode Island considers itself a progressive social fund, but she notes that donors are able to make "restricted" grants and that several women have asked that their money not be used in support of reproductive rights, but instead economic parity for women or financial training of girls.

While the Rhode Island Foundation ultimately approves the final grants, the Women's Fund functions as "field-of-interest fund" with its own advisory council and fundraising capabilities. A

recent action typical of the Fund's commitment to systemic change was a grant to the YWCA of Northern Rhode Island to run a political campaign-training program for women. "Women have traditionally not had a political voice and the goal of the program was to teach women how to run a campaign or run for political office," Joyaux says.

The fund is unique in that the Rhode Island Foundation awarded it a \$2.5 million endowment and a dedicated staff person when Joyaux approached them three years ago. "Community Foundations know that women's funds are a wonderful way to reach out to women, and that's important for their survival," Joyaux says. "Women are making more of the giving decisions, plus they outlive men." The movement for women's rights is an old one, but is resurging all over the world. Joyaux suggests visiting the Women's Funding Network, an international organization with over 100 member funds that are committed to improving the status of women and girls globally and locally (<http://www.wfnet.org/>).

### **Broaching Philanthropy with Clients**

Despite women's obvious interest in philanthropy, many advisors hesitate to broach the subject. Understanding how women think can help you overcome this hurdle.

"Philanthropy is very personal so I never ask clients direct questions about their charitable intent, but integrate it into the entire planning process," says Susan K. Bradley, CFP, founder of Women, Meaning, and Money in Palm Beach Gardens, Florida. "As early as the first meeting, you can begin to ask open-ended questions such as: What do you consider your purpose and meaning in life? What's important to you now? What are you most concerned about?" Such questions should be routine in financial planning, which is, after all, about fulfilling goals and dreams.

One of the best ways to connect with your female client and jumpstart a discussion on philanthropy is to ask about her family's sense of community. Indeed, women business owners are more likely than men entrepreneurs to say that their interest in philanthropy was prompted by family tradition or parental example (23 percent of women compared to 14 percent of men), according to the National Foundation for Women Business Owners. A sense of family legacy can provide motivation and purpose in selecting a cause.

Another way to connect with your client is to attend one of her charitable events. Clients appreciate your sense of caring and involvement in their lives. Following your client's lead in supporting her charitable choices is one thing, but an advisor should never push his or her own philanthropic agenda.

"The real benefit of philanthropy is service and a sense of connection with your community, and that is something you can share with your client," Bradley says. "That feeling of service has nothing to do with tax deductions."

Philanthropy, precisely because it is so personal, is one of the deepest ways for financial advisors to connect and build relationships with their clients. Financial planning is about helping clients attain their dreams, and philanthropy may be the noblest of these.

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