



Melinda Gates

Women Are Taking the Philanthropic Reins

Advisors who embrace this shift can deepen their relationships with entire client families.

[Amy A. Castoro](#), [Kathleen Loehr](#) | May 15, 2018

Simply put when money flows into the hands of women who have the authority to use it, everything changes. —Melinda Gates

In the coming decades, the amount of wealth controlled by women will outpace that of men.

Because women drive the philanthropic decisions in families and give more than men, this shift presents a new opportunity for trusted advisors to more closely align philanthropic planning with wealth planning.

The Economic Shift

More often than not, women are the household CFOs, making significant financial decisions for themselves, their families and extended family members. Currently, women make [83 percent](#) of the household consumer decisions and control about \$14 trillion in assets. Through inheritance, a minimum of \$22 trillion in assets will shift to women in the coming years.

Women are earning more educational degrees than men. In the United States, they're now the majority in undergraduate settings and are more than half of all alumni. With increased education come increased earnings.

In addition, more women than men are in professional positions generating higher income. Women hold 51 percent of managerial and professional jobs in the U.S. workforce, according to Department of Labor statistics. Forty-two percent of top wealth holders in the United States are women, including more than 3 million women with annual incomes greater than \$550,000.

This economic shift adds up to women controlling significant wealth now and continued growth of their wealth and decision making for decades to come.

The Philanthropic Shift

Women of the household are almost always involved in gift decisions. Research by the Women's Philanthropy Institute found that nearly three-fourths of the general population households decide jointly on philanthropy, and in high-net-worth households, nearly one-half decide jointly. And when only one spouse decides, the wife decides twice as often as the husband.

Repeatedly, studies find that women have a greater inclination to giving than men:

Baby boomers and women in previous generations are more likely to give than their male counterparts at all giving levels.

For every \$10,000 that a wife's income increases, total household giving increases by more than 5 percent. In comparison, for every \$10,000 a husband's income increases, total household giving increases by 3 percent.

Catalyst for Learning

The top concerns affluent parents have for their children have little to do with having enough wealth to pass on, but rather, the impact of that wealth on their families.

At some point, many successful families find that solely building and preserving wealth becomes an unsatisfying goal by itself, and it doesn't necessarily reflect their personal, long-term hopes for their children. At this juncture, the heads of families may choose to focus on wealth being a launch pad for good and a vehicle to create opportunities for family members, as opposed to being a threat or burden. Leaving a legacy of social good provides a framework the next generation is often proud to be a part of.

Family involvement in philanthropy can help the next generation learn financial skills, such as due diligence with quantitative and qualitative assessment of organizations. They learn to present proposals and recommendations to maximize the impact of philanthropic dollars. They learn how to work together, or with nonprofit leaders, to solve problems. Family members of all ages learn how to make effective requests, track implementation and follow through. Throughout the process, individuals learn generosity, curiosity and patience, as well as the importance of following one's commitment. These skills aren't just good for sound philanthropic giving, they're the keys to building trust, managing identity and coordinating effective action.

When children are introduced to the family values of philanthropy at a young age, they find comfort and confidence in an expanded identity of their family. When the family is aligned on a clear vision and understanding of what makes it unique, as the next generation comes of age, they're already practicing and participating in the wealth in productive ways. The onslaught of inevitable requests for money from numerous sources is mitigated by being able to state the family mission as it relates to their giving.

Typically when there's alignment on family values, there's a deeper level of trust and overall sense of team. At this point, we see family members more willing to maintain the existing advisory team for the sake of cohesiveness and familiarity with family history and sidestep the complexity that can come from introducing alternative advisory recommendations.

Core Drivers of Wealth Transition

Without a conversation that includes philanthropy, wealth is just about money. When the focus is that narrow, it's a short distance to the family losing its unity and the advisor losing the inheriting generation as clients. Wealth conversations, which often include trusted advisors, typically drift to

who's getting what distribution and when, to expectations about the size of a home and speculation about how one sibling is perceived to be getting more than another.

An internationally recognized study conducted by The Williams Group found that there are three core drivers of successful wealth transition as it relates to families. The research, including more than 2,500 families of significant wealth, revealed a staggering 70 percent of family wealth transfers fail within three generations. Sixty percent due to issues related to trust and communication, 25 percent due to unprepared heirs and 10 percent due to lack of family values and mission.

Authentic and meaningful inheritance conversations that involve philanthropy expand a whole new definition of what it is to be a family and have a common vision for how the wealth is to be used today and in the future. Philanthropy becomes an extension and embodiment of the family values witnessed through their philanthropic action as a family team.

Embrace the Shift

The rise of women as philanthropic leaders will have a significant impact on the world and their families in powerful and meaningful ways. The changing economic and philanthropic landscape is emerging as a vital opportunity to knit a family together and deepen a sense of family pride, while having a significant impact on the human condition and the world itself.

Philanthropy can be a means to increase levels of trust and communication in a family, provide a platform to better prepare the inheriting generation to be responsible managers of the wealth and create alignment for the purpose of the wealth.

Professional advisors have an opportunity to embrace this shift to deepen their relationships with entire client families by making clients aware of the core drivers of successful wealth transition and how philanthropy can be used to align the family for successful wealth transition.