

# Stop Assuming. Start Listening!

*Relying on stereotypes may turn off executive investors*



## AN ACTION GUIDE FOR ADVISORS SERVING HNW PRIMARY BREADWINNERS

If you're like most people, you've made a lot of incorrect assumptions about people. And, people have made some strikingly wrong assumptions about you! Do you remember how those assumptions made you feel? Not great, right?

FlexShares Exchange Traded Funds recently conducted a national survey of HNW primary breadwinners. The results surprised us. Some of the assumptions that we, as an industry, have made about investors because of gender don't apply to this group of executives.

In your business, making incorrect assumptions can hurt your chances with new prospects and in retaining existing clients.

We've created this guide to help you artfully approach your engagements to better understand the unique situations your potential and current clients are navigating. We've broken it down by topic and offer conversation starter ideas.



### *About the Research*

FlexShares commissioned a study in 2019 to learn about gender nuances in the money perspectives of HNW primary breadwinners — individuals who contributed at least half of their household's annual income. Responses came from more than 460 men and women across the U.S. Each met a list of criteria, including household income of over \$200,000, assets of at least \$1M liquid (excluding retirement and primary dwelling, lowered to \$250,000 for ages 35-39).

**To see the full research report this was based on visit [FlexShares.com/win-executives](https://www.flexshares.com/win-executives).**

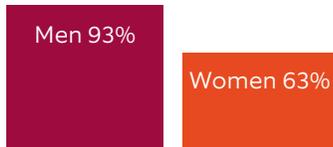
## FINANCIAL ACUMEN

Average degree of confidence on 10-point scale



## INVESTMENT KNOWLEDGE

Percentage rating themselves between 7-10 on 10-point scale



**Note:** 44% of men rated themselves a 10 which indicated investment expert.

# INVESTMENT KNOWLEDGE & FINANCIAL ACUMEN

## Common Stereotype:

*Women are not interested and are less confident than men about investments and financial matters.*

**What we asked:** On a scale of 1-10, evaluate your investment knowledge and ability to manage your portfolio. Respondents also graded their acumen on eight financial planning metrics.

**What they told us:** HNW primary earners graded themselves highly on investment and financial planning understanding. Self confidence grew when respondents used an advisor and as their assets increased.

**Consider this:** Male clients may have an unrealistic view of their investment expertise. It's important to get a true sense of their acumen, but how you do that may be tricky. And, while your female clients may have a more realistic sense of their investment expertise, be sure to ask them about their wealth management experience.

## Assessing Investment Knowledge

### Questions to understand investment expertise.

- Have you managed your own portfolio in the past? If no, did you collaborate with your advisor?
- What worked well? What didn't work as expected?
- Do you have a go-to resource for investment research?
- How much time did you devote to constructing and rebalancing your portfolio?
- Are there any areas in which you wish you knew more?

### Questions to understand performance expectations.

- It sounds like you had good success [if accurate] in managing your investments. What made you decide to utilize someone else to manage your portfolio?
- How many advisors have you worked with?
- Tell me about how you collaborated with your advisor?
- What were the reasons you chose to leave them?
- What does success look like?

## Assessing Financial Planning Acumen

### 1. Approach the topic of financial planning in a routine manner.

Explain that your clients have a wide range of interest and knowledge on financial planning topics. Tell them how important it is to understand each individual client's confidence around these themes as a starting point for the relationship.

### 2. Ask your clients to rank order a list of financial activities and their confidence around them.

Create a simple worksheet listing activities important to your planning process. Ask each individual to rank their confidence around the items on a scale of 1-5. This will highlight where a couple may vary on important topics.

### 3. Discuss each financial activity

After reviewing the rankings, discuss each activity along with why it may be important to the client's financial health and ask about past experiences. Ask more questions around the topics in which one or both members of the couple graded themselves average or below average.



## RISK APPETITE

### Common Stereotype:

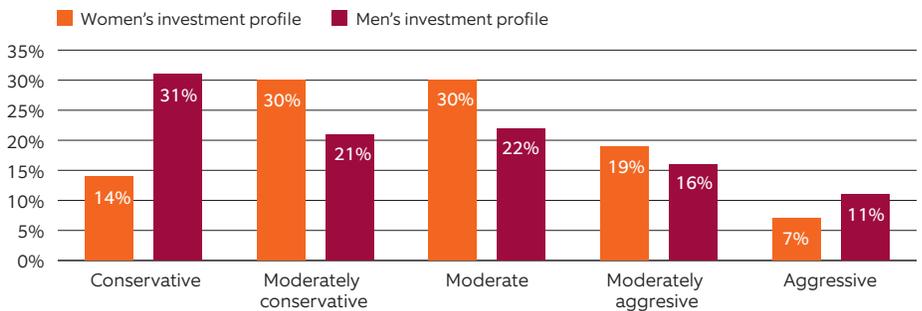
*Women are afraid of risk and invest more conservatively than men.*

**What we asked:** Describe your risk profile as an investor. We provided the following definitions.

- **Conservative:** I prefer the lowest level of risk when seeking returns.
- **Moderately conservative:** I will accept some risk to achieve higher returns.
- **Moderate:** I seek to balance potential risk with higher potential returns.
- **Moderately aggressive:** I will accept somewhat higher risk for higher returns
- **Aggressive:** I prefer higher risk investments with higher potential returns.

### What they told us:

#### INVESTOR PROFILES



### Consider this:

#### 1. View the risk profile questionnaire as a starting point only.

- You need this, but it may not truly identify a client's true risk tolerance.

#### 2. Don't make assumptions by gender.

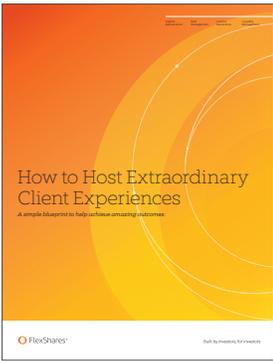
- Women may be more open to risk, but will want to know about how they're being compensated for that risk.

#### 3. Discuss risk in terms of real life situations.

- Your clients may say they are okay with losing 15% of the portfolio, but would they feel the same if you translated that into real dollars? Give it a try!

#### 4. Ask open ended questions and listen intently. Follow those questions with a *why* question.

- How would you feel if the market wiped out \$50,000 from your investment portfolio?
- What if that loss was quickly followed by an unexpected expense of \$15,000 or more?
- What if you lost your job and were unemployed for more than six months?
- Which goals could you imagine putting off to deal with these losses?



Take a look at our 2019 paper ***How to Create Extraordinary Client Experiences***, for inspiration on how to create events that will keep your clients raving about you. Download from [Flexshares.com](https://www.flexshares.com).

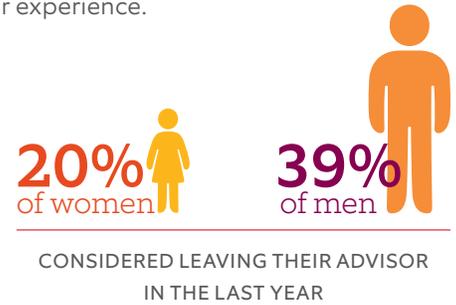
## LOYALTY TO ADVISORS

### Common Stereotype:

*Women will leave their advisor after divorce or death of a spouse.*

**What we asked:** Have you considered leaving your advisor in the last year? We also asked more about the client/advisor experience.

**What they told us:** Men were almost twice as likely as women to consider leaving their advisor. Women noted a more personal relationship with their advisor and men said their relationship was more investment rather than life focused.



### Consider this:

- 1. Cultivate a personal relationship with your client. It's harder to fire a friend than a money manager.**
  - Take the time to get to know your clients as couples and as individuals.
  - Ask about their jobs – what they do and how secure they feel.
  - Ask about the roles they play outside of the office.
  - What charities are they passionate about and why.
  - The successes of their children or grandchildren.
- 2. Once you understand clients' personal circumstances you can build trust and offer more tailored solutions.**
  - For clients feeling the stress of managing more at home, offer ideas for outsourcing or eldercare to help relieve some stress.
  - For clients worried about job stability, introduce them to others in their industry or bring in a LinkedIn expert for a career-focused event.
- 3. Are you creating an extraordinary client experience for your clients?**
  - Is working with your firm easy and most important, is it memorable? Think of your favorite service provider – what do they do that is remarkable?
  - How are clients greeted on the phone and in your office? Does your staff know who they are? Are they greeted with a smile and true warmth?
  - Do you keep notes about what was going on with their family the last time you spoke and do you follow-up with questions about those circumstances?
  - Do you convey an authentic interest in their personal lives and offer ideas beyond investments to help them through stressful situations?
  - Do you host intimate events that cater to client passions rather than their AUM? Thoughtfully themed events are so much more compelling than a retirement seminar.



Contact your FlexShares Business Development Executive to discuss the advantages of integrating ESG into a portfolio or download this 2019 paper at [flexshares.com/learnESG](https://flexshares.com/learnESG).

## INTEREST IN SOCIALLY RESPONSIBLE INVESTING

### Common Stereotype:

*Women and millennials are more interested in ESG and sustainable investing than men.*

**What we asked:** We offered a list of services to consider with sustainable investing being one.

**What they told us:** While sustainable investing was important to the executive women in our survey and our younger respondents, men were more interested. As wealth grew, so did interest in sustainable investing.

### EXECUTIVE MEN MORE INTERESTED IN SUSTAINABLE INVESTING

Interest (1-10 scale)



### Consider this:

**1. If you haven't already, bring up the topic of environmental, social and governance (ESG) investing and make sure you're well versed in it.**

- Ask if your client is aware of this type of investing
- Make sure they understand that today's sustainable investing doesn't require investors to give up return potential.
- Don't be fooled by green washed products that are more of a marketing strategy than a product that follows ESG screens.

**2. ESG Mandates are Educating Executives**

- Your executive clients may already be fluent in ESG if their firms or the boards on which they serve have mandates in place.



### Helping to Put this Research to Work for You

It's easy to make assumptions about clients and prospects, but making the wrong assumption can have a negative impact on your business and your ability to get and retain HNW earners.

FlexShares is committed to conducting research to assist financial advisors address business needs. This was created as a companion piece to our **Rethink How to Win Executives** summary of survey results. Download it today at [flexshares.com/win-executives](https://flexshares.com/win-executives).

To learn more about our resources for advisors, visit [flexshares.com](https://flexshares.com) or contact us at 1-855-FlexETF (1-855-353-0383)

---

## FIND OUT MORE

FlexShares is committed to helping advisors guide investors through the stress of the financial markets to pursue their long-term goals. The FlexShares approach to investing is, first and foremost, investor-centric and goal oriented. We pride ourselves on our commitment to developing products that are designed to meet real-world objectives for both institutional and individual investors. Please don't hesitate to call us at 1-855-FlexETF (1-855-353-9383) or visit **www.FlexShares.com**.

---

## IMPORTANT INFORMATION

**Before investing, carefully consider the FlexShares investment objectives, risks, charges and expenses. This and other information is in the prospectus and a summary prospectus, copies of which may be obtained by visiting [www.flexshares.com](http://www.flexshares.com). Read the prospectus carefully before you invest.**

**Foreside Fund Services, LLC, distributor.**

Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

## MANAGED BY NORTHERN TRUST

---

## CONTACT US

### FINANCIAL PROFESSIONALS

#### By Phone Consult

Consultants are available  
Monday–Friday: 9AM to 5PM ET  
1-855-FlexETF (1-855-353-9383)

#### By Mail/Overnight Delivery

FlexShares ETFs  
c/o Foreside Fund Services, LLC  
3 Canal Plaza, Suite 100  
Portland, ME 04101

#### Follow Us on LinkedIn

FlexShares

### INDIVIDUAL INVESTORS

#### Your Financial Professional