

THE WALL STREET JOURNAL.

WSJ.com

April 27, 2015, 7:02 AM ET

Why Women's Share of Wealth Will Grow



JONATHAN GUYTON: Now and again, I run across the financial “golden rule.” It reads, “(S)he who has the gold, rules.” Both its cleverness and how it matches my own observation always strikes me.

The trends and patterns on this are clear: The share of private wealth owned or controlled by women is only going to increase, and at an increasing rate. And because it is no longer about [catching up](#), this acceleration means that women’s “lead” is growing.

What’s behind this? It starts with baby boomers. They are the first generation to fund their retirement primarily with defined contribution plans (401(k), 403(b), etc.) rather than the pension plans available to their parents. For retired couples, this wealth is usually first passed to the surviving spouse/partner before next-generation beneficiaries and/or charities inherit it. Obviously, women often outlive men, but the amount of time the female survivor in a heterosexual couple will control the wealth may [surprise you](#). A 70-year-old female can expect to live 16 more years, compared with 14 more for a 70-year-old male. But a 66-year-old female can expect another 20 years, and women are often the younger of the couple. So if that 66-year-old is “coupled” with a 70-year-old male, she could outlive him by six years.

There’s more. Most couples own assets jointly or in retirement plans and IRAs, naming one another as sole beneficiary. Thus, the surviving spouse will have “carte blanche” from an estate-planning perspective to pass these assets to whomever she chooses. In cases of a female survivor, she will may have two to six years (or more) to determine this...in accordance with that financial “golden rule.” And she will do far more than making inheritance decisions. These financial matriarchs will also be examples to their daughters and teachers to their granddaughters.

Read More From **THE EXPERTS** 

How is this trend unfolding in generations X and Y? For starters, the same patterns should hold for those whose relational lives unfold like for the heterosexual boomers above. And for those whose lives take a different trajectory? We already know that more women are [delaying child-rearing or going childless](#). And while these delays don’t always increase wealth accumulation,

they clearly do not decrease it. In other words, when women bring greater focus to their careers earlier in life, we should expect their share of private wealth to also be greater.

Of course, all else being equal, the same is true for men making the same choices. However, all else is not equal. Other significant patterns are taking hold. Over 10% more women than men [go to college](#). This advantage increases further for [college degrees](#) that are granted. Women are also more likely to earn [advanced degrees](#). And to the extent that women make strides in receiving equal-pay-for-equal work, these trends propelling women's growth in private wealth share will only accelerate.

So this is a train that's already left the station. What are its implications? I'll leave a lengthy gaze into a crystal ball for some future column. However, it's not a great leap to suggest that these implications will impact issues from the political (health care and the environment) to the social (matters of equity and equality) to the financial (charitable giving and the way personal financial advice itself is given).

It will be fascinating to learn the scenery it creates!

Jonathan Guyton is principal at Cornerstone Wealth Advisors Inc., a fee-only advisory firm in Minneapolis.

Read the [Future Report](#).

Read More From **THE EXPERTS** 

Copyright 2015 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com