Synergize Podcast Transcript – Cary Carbonaro Episode

Guest: Cary Carbonaro, Managing Advisor at Ashton Thomas Private Wealth, CFP Board Ambassador, and author of *Women and Wealth,*

Hosts: Bill Coppel, Director of Client Growth at TradePMR (a Robinhood company), and Ryan Neal, Editorial Manager at TradePMR

Bill Coppel: Welcome back to Synergize. I'm Bill Coppel, Chief Client Growth Officer at TradePMR, a Robinhood company.

Ryan Neal: And I'm Ryan Neal, editorial manager at TradePMR Robinhood. And Bill, regular listeners of this podcast know that we're all about helping advisors grow their business. But they can't do that unless they stay atop the largest trends and industry forces that are shaping the industry. So our guest today is an advisor and an industry speaker who is out there trying to push the industry to adapt and change to capitalize on what she believes is a trillion dollar opportunity coming to advisors in the not too distant future.

Bill Coppel: And that is a significant opportunity, Ryan, and one the industry should have seen coming more than a decade ago. And what we're talking about is the fact that, and I'm going to put this in the words of our guest, an unprecedented amount of assets will shift into the hands of women over the next three to five years. But, historically, advisors have struggled to engage female clients. And frankly, we've made some bad assumptions along the way that allow us to default to that male client's perspective. The reality is our industry is not adequately set up today to serve the market that could reshape every aspect of wealth management.

Ryan Neal: Exactly. So that leads me to introduce our guest today is Cary Carbonaro. She is the author of a new book, Women in Wealth, a playbook to empower clients and unlock their fortune. Cary is also the managing advisor at Ashton Thomas Private Wealth. She is a CFP board ambassador, but she's an advocate for women in this space. And she's all about, as I said earlier, pushing the industry to adapt and change to better serve, you know, 50% of the population that is inheriting more wealth. So, Cary, welcome to the show.

Cary Carbonaro: Thanks so much for having me.

Bill Coppel: Well I had the pleasure of meeting Cary, we were both speaking at the AdvisorHub event in New York and I have to say Cary, you blew me away with your presentation. But I want to kick it off with a very simple question. How did you get introduced to money? You know what was it in your youth and growing up that kind of brought you into this space?

Cary Carbonaro: Sure. I love telling this story because it's very unique. So my dad was a banker. He worked for JPMorgan Chase his entire career. So I was the oldest of three daughters and we bonded over money instead of over sports. So he taught me everything at a very young age. We talked about money. We did really cool things like, he took me to take your daughter to work the day before there was a take your daughter to work day. So way back. Then we did foreclosure auctions. We went to together to 'Straight talk with the Dolans,' which was a personal finance couple that used to tour and do things. I wanted to be a teacher. And so I went to undergraduate to be a teacher. And then went, my dad paid for my undergraduate, and then he said he wasn't going to pay for my graduate. And then I got my first job out of college in banking instead of teaching. And I said, I'm going to teach money instead of, instead of, history. And so now, it's funny because I also used to do really fun things like with all my friends, I used to find money in their budgets, I used to do their net worth, I used to figure out calculate how much they can afford for a mortgage or or figure out how they can refinance debt. And I literally did all these things for fun because I didn't even know this was like a profession. So I actually consider myself a teacher who teaches money. So that's why this is important to me.

Ryan Neal: One thing we talk about a lot on this podcast and in Robinhood in general is the great wealth transfer. And there's a lot of data around that. But there's a McKinsey study that you have cited that says that by 2030, women may control, I think, two-thirds wealth in the U.S. So can you talk a little bit about that opportunity, what you talk about in your book, the opportunity for advisors for serving that market, and maybe, what do they have to do differently in order to capitalize on that opportunity?

Cary Carbonaro: Sure. So let's talk about the opportunity first and where it comes from and how long we've known about it. So we've known about this McKinsey study came out in 2015. So in 2015 said by 2030, women are going to control two thirds of the nation's wealth, which is $30 trillion dollars which is the same as the GDP of the United States. Just to put it in context, that's how much money we're talking about. So 15 years ago, we knew this was coming. We are now four and a half years shy of this happening, and it's already starting to happen. And there's a lot of different factors that go into it, because that's another question that I get, like, why is this happening? Right. And so the reason is a lot of different things. It's not just one thing. It's the fact that women live longer. And so the longevity portion of women living longer than men. Then we've got women inheriting money from their baby boomer parents and from their spouses. So, you know, again, longevity. Then you've got the gray divorce trend where women are getting all this money at a later age in life from a divorce. Then you have women becoming primary breadwinners in the United States by 2030 for the first time in history. So we've got all this, all this happening at once. And then if you go out even further to the new stats, Cerulli came out last year with a new number going out even further to 2047, women are going to control $57 trillion. dollars. So the numbers just keep getting bigger and bigger and bigger, the further you go. And Cerulli says, well, firms that cater to women are going to be positioned for decades to come.

Bill Coppel: And that leads me to my next question. And that's, is the industry ready? In fact, when you were writing the book, you were going to entitle it, compel her, don't sell her. Why did you end up changing the name of the book?

Cary Carbonaro: Well, actually, that was not me. That was the publisher. I still wanted it to be compel her, don't sell her. And actually on LinkedIn, my newsletter is compel her, don't sell her. So it's still my tagline. And I'll tell you why. So the name of the book is, you know, Women and Wealth. Here it is, a playbook to empower clients and unlock their fortune. But it really is compel her, don't sell her. And why is that important? Because the industry, in my opinion, women don't need to be fixed. The industry does. So there's another study in my book by Harvard Business Review that says financial services is the least sympathetic to women and the one that has the most to change if they get it right. It's from 2009. So obviously we have a new playbook. Right. So what is the difference of compelling versus selling? Women do not want to be sold. There is no woman that wants to be sold. So compelling means she has to trust you, she has to understand what you're saying. You have to educate her. It's a very different process. Compelling is different than selling, and it's the right thing to do for a woman.

Bill Coppel: But the industry has been trained to sell. How are we going to begin to evolve that process?

Cary Carbonaro: I know. I talk about the three E's. So for a woman, education is key. They, you know, when they have questions, it's not because they're questioning you or not understanding or, you know, not as smart as the men. They want to have all the facts before they make a decision. And also, if you're speaking in jargon to them, they may not even understand what you're saying. So education is incredibly important to a woman. She really wants to know what is going on with her money and the transaction and the planning and the why. The why is more important than the what. And all of that information. And guess what, advisors? It takes longer. It takes longer to work with a woman. And sometimes people don't like when I say that, but it is the truth. It takes longer. Women are going to take longer, it might–may take four meetings, it may take five meetings to have her become a client because she has to feel comfortable and she has to trust you. What you're saying is in her best interest. So that's step one is education. Part two is empathy. And I always say that she doesn't care how much you know until she knows how much you care. And that's not my quote. I think it's Eleanor Roosevelt's, but I always use it because it's so perfect for women. And it is so important. Empathy is an incredibly important skill. And it's not a soft skill. It's a business skill. And then the last part is empowerment. Empowerment is so important for a woman to feel like you got her from A to B. So for example, most of my clients come to me when I always say when the, when the, when it's raining outside, the sun is not shining when they come to me there.

Bill Coppel: And they don't come to you with the best of things going on right now. They usually have a big, big issue in their life.

Cary Carbonaro: Right. Huge issue. It's either divorce, death, disability, job loss, something terrible happened to them and they're sitting at my desk. Right. And so I wish they came to me when everything was perfect and the sun was shining and they just woke up and said, I want to find it. I want to hire a financial planner, except that doesn't happen with women. It only happens when there's a life-changing event where they feel like they need somebody. It is so rare. I would say in my clients, less than 1% came to me when the sun was shining. Everybody else came when something terrible was happening. So there goes the empathy. But now let's talk about empowerment. So let's talk about a client who had something terrible. They lost their spouse and their son and their business all at the same time because there was an accident. And she came to me. She couldn't even understand. Like we probably had a year of meetings before she became a client. Then we had another year where she brought almost like a friend in with her to make sure that she was understanding everything that I was saying. By year three, she was coming by herself. By year four, she was a completely transformed woman. And so what I call that is I call that resilience bonding. And that's also empowerment because you get them from the state that they're in to completely independent on their own.

Ryan Neal: Well, I want to shift gears a little bit because I want to talk about a concerning trend in the industry, which is that the majority of women end up firing their financial advisor during some of those really difficult transitions. You mentioned things like a divorce or death in the family, widowhood. And I think you shared a story about an advisor with a $100 million dollar client and that advisor admitted to you that he wasn't confident that the client's wife would stay with him after the husband passed. So, you know, in our industry, retention is so important. And if we know out there we have the data saying that, there's this massive retention risk of a client's wife that leaves, why aren't we addressing this or what can we do to address it better?

Cary Carbonaro: Well, so we have a couple of issues with our industry. First, we only care about acquisition and AUM growth. Nobody ever asks you about retention. And it's funny because we know this stat of 70 to 90% leave their advisor when the spouse dies. And it's almost always a woman. And every male advisor that I've ever spoken to said, I've never lost a client. So I don't know where these people are going, or maybe they don't even know that they lost the clients. So I think that's the funniest part is that nobody will ever admit that they actually lost the client. But anyway, I usually get those clients.

So, you know, I know, and we haven't even hit the great wealth transfer yet. I mean, we're sort of like just in the early stages of it. So it's going to accelerate. I actually had an advisor who's about 65. And he said to me, you know, a lot of my book is at risk. And I said, what are you going to do about it? And he said, I don't know. I think I'll be retired by then. So it's somebody else's problem. So let's talk about that guy with the $100 million dollar client who said, you know, she's probably not going to stay. And I said, what are your meetings like? And she says, she doesn't care.She's not interested. She just wants to spend the money, which is another whole, you know, stereotype of women that they just want to spend the money and they don't care about it. The husband takes care of everything, you know? And I said to him, “What does she care about?” And he said, “I don't know.” I said, first of all, that's the first problem. You don't even know what's important to her.

Secondly, I always tell people, why don't you have a separate meeting with just the wife? And they're like, what? I can do that? I'm like, why not? Then you're going to get to talk one-on-one with her. You’re going to have eye contact. You're going to have communication with her.She might tell you something that she didn't say in the group meeting with the spouse because you and him are talking the whole time and you're not even making eye contact with her. I have a story where we were sitting in a meeting and a woman took out a magazine and started reading a magazine while the husband was talking. And I said, you know, this is exactly my point. Like if she is totally just sitting there and she's being a placeholder and we don't want her to be. Because then the next question is, what happens when he dies?

Because the likelihood is that you are going to be a widow because of longevity. What will happen then? I mean, besides the fact that you're going to lose the love of your life, you're now responsible for this. And if you don't know anything and don't, you know, don't have a relationship with this advisor. It's not a good position to be in. So it's a hard conversation to have, but an important one. And then the other thing is, if you can find out what's important to her, that is incredibly powerful. So in this case, this woman happened to be, you know, into philanthropy. So find out her favorite charity. Find out how she can use her charity to benefit something, you know, something that's important to her and then use the money for that. And that's engaging and that's empowering.

Ryan Neal: Yeah, find a way to get her involved, at least somehow.

Cary Carbonaro: Yeah, exactly.

Bill Coppel: Yeah, you know, it's interesting, Cary, because... what you're saying are the techniques we should be using with everyone, right? At the end of the day, right? And there's this mystique out there that is in a traditional relationship between a husband and wife, the husband will handle all the finances and the wife will do whatever the wife will do. But my point is that treating people with respect, getting to know them, getting to understand them is really critical. One of the things you talk about in the book, and I wanted to get you to expand on this a little bit is you mentioned two things. One is emphasizing the emotional connection, which we've been talking about here through behavioral finance, right? One technique and you talk about storytelling, right? And I want you to talk a little bit about what you mean by that and how you apply that. But the other thing you mentioned, which I found really interesting as well, is this notion of financial therapy. So, you know, you've described a couple of situations with some of your own examples of clients you've dealt with. Obviously, I encourage folks to read a book and really learn about Cary's story in addition to how she got into the business, how she's navigated through the business and reinvented herself on several occasions, largely due to the lack of understanding of where women effectively fit into the wealth management world, right? And that's just not limited to the wealth management world. We've heard that issue raised again and again in corporate America. But just putting that aside for a moment, this notion of financial therapy, Share with our listeners what exactly do you mean by that, because you know what, it scares me a little bit. Do I need to be a psychologist now? Do I have to get another degree? How do you handle that? How do you apply that in storytelling?

Cary Carbonaro: So I think of myself as three things. I think of myself as a teacher. I think of myself as a therapist. And then I think of myself as an advocate. And I am all three of those things at once. So, and yes, I'm not a licensed therapist. But I can tell you, I can almost do what a financial therapist can do in the sense of, I know which questions to ask. I know where people get stuck. And if I don't get them unstuck, I'm not doing my job correctly.

Bill Coppel: That's right, because isn't therapy really about helping people self discover what matters?

Cary Carbonaro: Yes, exactly. It's exactly getting to the root cause of why they make the decisions they make. Right. And so it's, it's very different than our profession of crunching numbers. It is incredibly different. There's, there's numbers and then, so there's EQ and IQ. Right. And so I actually just wrote an article for Barron's magazine that says why EQ matters more than IQ for advisors, especially for women. And it is about the emotional intelligence that you can bring to the situation that is way more important than what your performance is and what your numbers are. It is to me, I believe that the emotional support is not separate from the financial plan. It's what makes the plan work.

Bill Coppel: Yeah, and you know, you made another great observation. I want our listeners to think about this balance between EQ and IQ. We're a society that is often rewarded by IQ at the expense of EQ and we're shifting, particularly as technology is reshaping our world, where artificial intelligence is really penetrating just about everything that we do today. It's really raising the idea of the value of EQ. And I think that for our listeners, that's probably an incredibly important takeaway from this is that, and particularly in the case of women, EQ is gonna become a much stronger part of the strategy than IQ. Because quite frankly, you know, particularly in your case, you know, you're a CFP, you have multiple degrees, you've accomplished a lot, you're well known. The reality of it is, it all comes down to that relationship.

Cary Carbonaro: Exactly, exactly. And what's interesting with that is ChatGPT can be your IQ. It cannot be your EQ.

Bill Coppel: Agreed. Agreed. You know, it's really, I saw great, I've been doing some research on that and I wanted to share this and get your reaction to it, Cary, what's interesting about artificial intelligence is if you're a strong thinker, it'll make you stronger, right? If you're very creative, it can help you make you more creative. If you're neither creative or a strong thinker, it will amplify that. So it doesn't replace intelligence. What it does is it helps you strengthen and give you another perspective, perhaps, right?

Ryan Neal: Yeah. Well, great. I think that's a good segue for me to lead into our wrap up. Cary, what we do here on the show is we like to leave our listeners and viewers, if you're watching this on YouTube with some actionable advice that they could take back to their practice and implement. So what's one thing we've covered a lot of ground, maybe top level, if they want to start thinking about how they can serve women better, what's like one piece of advice you can give them to get started?

Cary Carbonaro: So first thing is you have to read my book because there's at least 150 actionable items in the book. Then there's also in the book, how female friendly is your practice? It's a 20 question quiz, super easy. So you can audit where you are. Then you have to look at your communication. Are you–how are you speaking to your clients? Are you alienating women indirectly without even knowing? And then there's also another quiz in there on how to look for your blind spots with implicit bias and unconscious bias. Because again, you might not know what you don't know, and it's alienating women. And so that's another thing. Listening, slowing the meetings down, taking longer, figuring out what's important to the female client, even if she's in a couple. There's, and I mean, this is not really rocket science. These are really simple things that anybody can do. I think also in the book, I have questions to ask yourself and questions to ask your client at the end of each chapter. So there's a lot, a lot, a lot of content and information. It's almost like a textbook. It's your textbook of how to work with women.

Bill Coppel: And it's not exclusive to just male advisors, I'm assuming.

Cary Carbonaro: No, it's for, it's for everybody.

Bill Coppel: Women advisors will get as much out of it as their male counterparts. Right.

Cary Carbonaro: Yes, and it's interesting because the women seem to be liking it better than the men right now because, and even I thought the women would know almost everything in the book, and they're still telling me that they're learning.

Ryan Neal: Great. Well, fantastic. Sounds like, you know, I love taking a good quiz. So check it out. Take the quiz with your firm and see where you can improve. So, Cary, thank you so much for joining us on the podcast. We'd love to have you.

Cary Carbonaro: Thank you for having me.

Ryan Neal: And as always, thank you, everyone who is listening or watching us. We want to keep building these communities and telling these great stories. So wherever you got this podcast, if you could take a moment to like, subscribe, share, comment, all of those things, whether you're on Apple or YouTube or Spotify, anywhere you get your podcasts, it all helps the algorithm and we appreciate you.

Bill Coppel: That's right. And stay tuned for our next episode, where we'll bring even more insights and actionable ideas to help you grow your business. And remember, the challenge is yours to capitalize on what the future offers.

differences including regulatory developments that we continue to monitor are described in our SEC filing.

[1] *McKinsey & Company. (2020, July 29). Women as the Next Wave of Growth in US Wealth Management.*
[2] *Anderson, S., & White, M. (2016). Widows' Voices: The Value of Financial Planning. Journal of Financial Planning, 29(1), 34-41.*