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Why Women Financial Advisors Are Paid Less Than Men

Among the top 20 occupations for women, the one with the biggest gender income gap is personal financial advisor. Women earn just 61.3% of what men earn, according to an analysis of the U.S. Department of Labor data by the Institute for Women's Policy Research. Some problems that depress women's pay in other fields also hurt those who work as financial advisors: Women don't speak up and ask for what they're worth, and they prioritize work/life balance over career advancement. Others are unique to the industry and have to do with the ways advisors offer counsel and get paid, as well as the field's continued male dominance.

Only 31% of financial planners are women, according to U.S. census data, and the CFP Board of Standards says that they make up only 23% of certified financial planners (CFPs), one of the field's most prestigious professional designations. Here are some reasons why professional financial advisors think women earn less than the men in their field.

Not Charging Enough

Nancy Butler, a 25-year financial planner turned business coach, says she has seen more women than men who lack confidence in the value they bring to their clients. The result is that they charge lower fees than they should. "I have often seen the extensive knowledge and great advice female advisors give their clients," says Butler, "but when I see what they charged for that advice, it is far below what it should be. I have even seen this in advisors who have extensive training and designations in their field and many years of experience."

Butler says that when she discusses this problem with these women, they say they don't feel comfortable charging more and are afraid of losing clients. However, in some cases advisors are undercharging by so much that it costs them more to produce the work than they earn after factoring in their own time, staff time, equipment usage, printing costs and other business expenses. "Clients only have a problem with the fee if they feel what they are getting is not worth the price," says Butler. "If the advisor truly believes in the value they will be providing the client for the fee charged, they will have no trouble helping the client to see the value as well."