

Gender split seen in styles of investing

Whether it's relying on a spouse to handle household finances, being afraid of doing something risky with their money or just not feeling confident, women are less likely to take an active role in investing their savings.

It's not just older women who have taken a hands-off approach; studies by investment firms and anecdotal evidence from financial advisers say women of all ages are less likely to invest.

In a Fidelity Investments study, only 19 per cent of women said they had primary responsibility for long-term retirement decisions, but this is up from nine per cent in 2011. Twenty-four per cent of baby-boomer women said they made primary decisions on day-to-day finance, but only 12 per cent of Generation Y women said they were in charge.

This is despite an insurance firm Allianz Lifem study last year saying that "bag lady" fears - that is, ending up broke and homeless - persist whether the woman is single, married or divorced, or whether she is low-income or wealthy. According to the survey, 57 per cent of women said the thought of running out of money in retirement kept them up at night.

So, why don't women look for alternatives to sticking money in a savings account that earns less than one per cent interest? Financial advisers cite many reasons - but women can take more control over their financial well-being through education and understanding that there are different definitions to the word "risk".

Life Income Management founder and managing director Melody Juge, who focuses on retirement planning, says her many surveys of women, particularly boomer women, shows fear is a big factor.

"There's a lack of information; there's a fear of looking silly," she said.

Not to mention, Juge said: "They're busy breast-feeding and carpooling in certain times of their life. They're not focused on money as much. They're focused on making everything OK".

Ann Marie Etergino, senior vice president at the Etergino Group, part of RBC Wealth Management, said that among the younger women she mentors, there is a view that money is intimidating.

It might be surprising to hear that women in their 20s and 30s might be indifferent to investing, but she said stock market crashes in 2002 and 2008 likely had an effect. "To them, it's risky," she said.

Recent financial market scandals haven't helped.

"I think Wall Street has such a bad name in general ... They think it is not for them, or they think they don't have enough money, or they think it's rigged. I think it's a combination of all those

things,” she said.

When it comes to investing, women tend to look at stock market volatility - price swings - as risky because one can lose money in down markets, but Etergino said that’s not the only risk.

“Women ... should be thinking of it as: ‘The risk that I might not have enough money when I’m 95 is the risk that I’m trying to hedge against’,” she said.

Women, thinking toward the future, can make better investors, the financial experts said. It takes explaining and having a plan to show women that investing can help them reach their goals.

Karen McIntyre, managing director and senior financial adviser with Wescott Financial Advisory Group, works with women in transition in their lives. McIntyre said it’s better to present real-life stories and talk actual dollar figures, not percentages.

She also said it’s important “to remind yourself that you don’t need all of your money in any one year. Rather, this money will last you the rest of your life”.

Etergino said that when she talks to clients, she maps out for them detailed plans, based on information given to her by the clients.

“I show them: ‘Here is where you are, here is where you want to be, here are the assumptions we’re making based on what you told us ... Here is documentation that you should be able to meet your goals.’ Having a plan gives them a greater sense of control,” she said.

Once women start investing, they usually take a different approach from men, said Donna Skeels Cygan, author of *The Joy of Financial Security* and founder of Sage Future Financial.

“The tendency for women to take less risk may also have to do with the way their brains are wired. Neuroscientists are studying how different parts of our brains interact to help us make financial decisions,” she said.

Studies show men are more competitive with their investing, wanting to “beat” the market, Cygan said, while women are more contemplative.

“It’s not good or bad; it’s just different,” she said.

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