

Women and Investing

When it comes to investment planning and goal-setting, women often take a different approach than men — which can create both challenges and advantages. Many studies have suggested that, for example, compared with their male counterparts, women may be more risk-averse when it comes to their money and that they sometimes lack investing confidence. On the other hand, women may do a more effective job of considering philanthropic goals and connecting money with their family's independence and security.

According to Cindy Boyle, Senior Financial Advisor for Wells Fargo Advisors Financial Network, while some of these trends hold true, gender assumptions don't tell the whole story. But because of the unique ways women look at their finances, experienced financial advisors try to take potential "gender traits" into consideration when working with female clients, either on their own or as part of a couple.

Long-term thinking

So-called "gender differences" can be beneficial — especially for couples who blend their investment strategies. "The key always is to help couples blend their investing goals — whatever they might be — into a mutual agreement," says Boyle. Having one partner who watches for short-term opportunities and another who champions "the long-haul approach" can make for a good balance, says Boyle. The long-term thinker (often a woman) can help ensure that the couple doesn't trade excessively within their portfolio — a move that may help reduce fees and potentially provide a better return on investment.

Another reason why women may focus more on long-term planning, and a reason why women's planning habits may differ from their male counterparts, is their traditionally longer lifespans, which may necessitate a longer-lasting retirement income plan. "Many women may need to learn to invest more aggressively than men if they don't want to outlive their money, given the same time horizon to achieve their goals," notes Boyle.

Caring for others versus oneself

Another issue Boyle has noticed that may be gender-influenced: Women often place a higher priority on caring *for others* with their investments than creating a comfortable lifestyle for themselves. For instance, they may value supporting their elderly parents, leaving a legacy for their children, and other items, even at the expense of their own lifestyle. For single women, Financial Advisors work to help ensure that their clients don't help everyone else at the risk of jeopardizing their own financial security.

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Building confidence

Although times and expectations are definitely changing, older generations of women grew up hearing: “Men are naturally better than women at math,” which may manifest itself in some women — particularly older women — as a lack of confidence about making investment decisions.

Boyle says it’s important to remind women clients that even if they *are* good at math, investing is about more than just numbers. “Women are great at understanding trends, interconnections and relationships — all of which matter when making investment choices,” she says. “Also, most women don’t feel the need to be ‘right’ all the time, so they’re good at listening to financial advice and making it work for them.”

Obtaining information

Some surveys indicate that women tend to ask more questions than men when it comes to investing, which can make a close relationship with their advisor that much more important. Boyle finds that to be true, for the most part. However, she says that doesn’t mean women don’t understand their money: It means they’re often more *thorough*.

“My women clients tend to want to go into any investment plan with full expectations of costs, benefits, and risks,” notes Boyle. “One theory is that women tend to double-check and protect their money more fiercely than men due to their brain's natural wiring — the instinct that prompted them to protect the home and hearth in ancient times.”

Boyle says she specifically encourages women investors to empower themselves with information. This could include reading more about the economy and current events, and thinking about how their lives as consumers relate to their investments. According to Boyle, all investors — not just women — should feel connected to and confident in the products in which they choose to invest their money.

“The more you understand about your investments, the easier it can be to make decisions,” says Boyle. “We’ve found that when women are instilled with good information about their money, they tend to make really well-reasoned investment decisions that include a lot of excellent reflection.”

This article was written by/for Wells Fargo Advisors and provided courtesy of David M. Gustin, AAMS®, Vice President-Investments in Melville, N.Y. at 631-753-4533

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