Women and Investing

By
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– Posted on March 5, 2013**Posted in:** Making the Most of Your Money

Throughout the years, I have noticed some trends when it comes to women and investing. Of course, there are exceptions to the rule, but I mention these because I have interacted in person with women with these traits.

Women take fewer risks.
Men often try to time the stock market. Women tend to buy and hold their investments for longer periods. Men seek to buy the newest investment vehicles, whereas women stick with those they know and understand. While women's approach may stem some of the potential losses, in some cases, it also prevents them from reaping larger investment gains.

In fact, one study found that women prefer to invest in mutual funds, while men focus on futures, options, stocks, and exchange-traded funds. Again, men take greater risks when investing. Futures and options are for advanced investors who feel comfortable with a high level of risk. I do not necessarily believe taking more risk is right for every situation. Each investor should consult with his or her advisor or work to understand risk tolerance.

Women vary in their reliance on financial professionals.
While some women, especially those with longstanding careers, feel comfortable managing their investments, many want to work with a trustworthy financial advisor. This may have to do with balancing careers and families with other projects, such as investing. Those who manage their money themselves rely heavily on the Internet. This includes conducting research and accessing their brokerage accounts online. Many women also read financial media to stay informed.

Stay-at-home moms often rely on their husbands to manage investments. They focus on running the household and stay away from exploring stocks, bonds, and mutual funds. In some cases, they also let their husbands manage the relationship with the family's financial advisor. While this may initially seem like a fair division of work, when husbands pass away unexpectedly, many women find themselves unable to make knowledgeable financial decisions.

Women place others ahead of themselves.
While we often hear this in terms of women feeling a need to please others, it can also manifest itself in investments. Some women want to save for their children's college educations before their retirements. Some will spend money to ensure their children enjoy today instead of protecting their own futures. Or they try to buy a man's love.

I understand how greatly women value their husbands and their children. I understand how much they want to give to those whom they love. Nevertheless, they must plan for their own futures as well.

So what can women do to build good financial habits?
1. Attend meetings with the family's financial advisor. Ask questions. Do not be afraid of sounding unknowledgeable. A good advisor will gladly answer any and all questions.
2. Read the financial press. While initially, stories may seem unclear or intimidating, over time such news will make sense, and the reader learns the terminology.
3. Read books on investing. The Intelligent Investor remains one of the go-to books for beginners.
4. Know your priorities. Realize that children have their lives ahead of them. Saving for one's own retirement prevents one from becoming a burden to relatives later on.

Disclaimer: The views expressed in this article are the opinions of the author and should not be interpreted as individualized investment advice. Investment objectives, risk tolerances and the financial situation of individual investors may vary. Please consult your financial and tax advisors before investing.

Tags: families, financial management, investing, retirement, women

About Susan Carr-Templeton

Susan Carr-Templeton is an Oak Brook-based financial planner and wealth manager with more than 20 years of investing experience. With a fee-based model, she also works with clients in DuPage and Hinsdale, Illinois. In addition to managing Stafford Wells Advisors, Ms. Carr-Templeton volunteers on the investment committee for the Advocate Foundation. She offers personal finance on investing, saving, retirement and more in "Making the Most of Your Money."