

Mars and Venus: Do Planets Align When Investing?

By Michelle L. Ash, CFP[®], CDFP[™]

They say that men and women approach a lot of things differently in life: relationships, work, love, family. It stands to reason, then, that women and men approach money and investing from different viewpoints also, but just how different are we? A recent study sponsored by the NASD Investor Education Foundation titled “Gender Differences in Investment Behavior” which studied U.S. households with incomes of \$75,000 or more has shed some light on the subject.

As I look over the reported differences, many of our clients come to mind, and I envision you sitting at the table, enjoying a cup of coffee, nodding your heads and chuckling as you read along. Many of these differences play out in a number of households that I’m familiar with. For example, men were more likely to describe investing as exciting or satisfying. Women, on the other hand, more often described investing as difficult, time-consuming, and stressful. Many of our male clients enjoy reading about investments and researching them, comparing notes and theories with their advisor when its time for a review appointment. It is very rare that I meet a woman who shares that same passion, although just a few days ago I did meet a female former investment club president – so you ladies who enjoy investing are out there.

Women and men agreed on the points of being responsible for one’s own well-being, that financial security improves their lives, and that financial matters need to be planned with clear goals in mind. However, women were more likely to respond that they depend on their spouse for financial matters, or wished not to have to handle the responsibility of managing finances. Now, this doesn’t have to be a bad thing – “honey-do’s” came about for a reason. I don’t enjoy fixing toilets or cutting the grass, but I can do these things if I have to. The important thing for whichever spouse doesn’t handle the finances, female or male, is to be familiar and comfortable with the professionals assisting your family, so as to be capable in the event you have to step up and begin making those family decisions. These things do happen, and for many different reasons: the other spouse becomes incapable due to health or time constraints, or sometimes just doesn’t want to anymore. To me it’s sort of like being on a road trip and being the alternate driver. I may not be the one steering the car and piloting, but I have to be aware of where we are and where we’re going in case my driver is tired or needs a break.

Mars and Venus do align when it comes to criteria in making an investment decision, as the foremost criteria for both was evaluating risk. However, men were more willing to take risks than women, actually preferring a risk level of above-average or substantial risk. Women, on the other hand, preferred average or below-average levels of risk. Taking extra risk doesn’t always bode well, though. Women were more likely to give an investment time to perform, whereas men were more likely to make changes when an investment didn’t perform as desired. Ever heard the old adage, “Buy high and sell low?” It doesn’t work out well for investment results, as many wives I know can attest to. I picture these ladies now shaking their heads and saying “uh, huh, tell me something

I don't already know." Driving, again, provides a good comparison. Think of a driver zipping in and out of traffic, trying to hurry to a destination. Do they really get anywhere faster, or do they just succeed in getting to the light more quickly in order to wait, all the while burning up their brakes? Most traffic lights on long roads in town are set to be navigated at the proper speed limit. Navigate them at that pace and you may discover green lights the whole way. But that may have to be a discussion for a different day, for anyone who's ridden in the car with me knows that I'm not the most patient or passive of drivers. Oh well, gender differences are only generalities, after all.....