

Women need different financial advice to men

Understanding what women want has been a well-covered and sometimes controversial topic, with Hollywood even pondering the question in the hit romantic movie entitled just that - "What Women Want".

When it comes to matters of wealth and investing – understanding what women want is simple – they want the same as men: sound financial advice that secures their financial well-being now and into the future.

However according to Michelle van Wyk, a wealth manager at Private Client Holdings, what does differ is the path to developing a wealth plan that suits women.

"Financial advice and wealth planning for men and women should differ, just as the circumstances and behavioural approach to finances differ between the two sexes."

Differing circumstances

The reality is women generally live longer than men, odds are that many will have to manage their own finances eventually and so need to plan for the long term. Add to this is our extremely high divorce rate, another factor which means that women need to be independently financially savvy.

"Women who may have recently lost a spouse or gone through a divorce can be feeling especially vulnerable if their partner was the one to handle the finances. These women may feel a bit misinformed or totally uninformed about finances and investing, and may lack confidence. They need to be made to feel that they are in a comfortable environment and are able to ask any questions without feeling foolish. Financial jargon must be avoided – with strategies and plans explained in clear and understandable terms."

"Although statistics for South African women are lacking, when looking at recent statistics from American research conducted by Sandy Chaikin, co-founder of Chaikin Analytics, it is notable that apparently 72% of women don't feel confident about selecting financial investments on their own, whilst 63% of women don't feel knowledgeable that they can plan for their retirement, and 57% of women surveyed felt that financial terminology was confusing and made it more difficult to make decisions," says van Wyk.

Different approaches

Van Wyk advises that women are usually more risk averse than men, their main goal is normally to safeguard themselves from risk rather than chase gain. "Women look at long-term goals and at strategies to accomplish what they want out of life – two things which must greatly shape the approach taken by the advisor."

According to van Wyk, another factor that sees women needing a different approach to wealth planning is that many take career breaks to raise families, or work part-time to accommodate family responsibilities – meaning that they have decreased income with which to work when planning a long-term strategy. "In some situations, women also earn less than their male equivalents."

"This all affects their ability to save for their future and all of this needs to be factored in when tailoring financial solutions for women and empowering them to establish and meet their financial goals"

Women make great investors

"Warren Buffet is said to invest like a girl. In fact there is a book by LouAnn Lofton entitled 'Warren Buffett Invests Like a Girl and Why You Should Too'," says van Wyk. "Warren Buffett is arguably one of the best ever long-term investors and it is proposed that many of the attributes which make him so successful are natural to women."

Van Wyk goes on to say that women's preference for long-term strategies that are less prone to risk is a good thing. "Women generally create a plan and then stick to it – meaning that they are less likely to move their investments too soon. Women also have the right balance between 'greed' and fear and have the tendency to filter out market noise and maintain conviction."

"Women are increasingly requiring suitable financial education and guidance. We want it all – career, family, success and financial freedom," concludes van Wyk.

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