Gender investment differences

A look at how advisors can gain and keep clients by tailoring approaches to females

By Amber Morgan

Though both male and female millionaires equally emphasize the importance of maintaining their wealth, more women than men agree it takes a considerable amount of effort to manage different aspects of finances, don't enjoy spending time on investments and are more open to working with an advisor, according to *The Fidelity Millionaire Outlook*, a study recently released by Fidelity.

Men are known to gravitate toward riskier investments, with 50% of them being driven by achieving the greatest return, 84% owning individual domestic stocks, and 63% enjoy spending time on their investments. Ironically, 49% of women don't enjoy spending time on investments, 68% invest in cash equivalents, certificates of deposit and money market accounts, and just 26% of women are driven by ROI – and they still yield higher returns.

"Their conservative approach is leading to higher investment returns and lower risk over time because numerous studies cited in our book show that they trade less, adjust their opinions based on further information and are willing to ask for help," Carol Pepper, CEO and founder, Pepper International and co-author of *The Seven Pearls of Financial Wisdom*, told *PAM*. Of the women polled in Fidelity's study, 44% agree that they need professional financial advice and of those who currently are without a financial advisor, 49% would like to find one they trust to manage their assets.

Pepper believes one of the biggest reasons women do not currently like to spend as much independent time on investments as men is because the information is not presented to them in the way that they think about investments. "Financial advisors will find women will respond to receiving more research written in plain language and data without jargon and confusing charts that typically accompany current investment information," she said, and stressed the importance to take an entirely new approach to female investors – a more holistic, common sense and comprehensive strategy.

TOP THREE INVESTMENTS CURRENTLY HELD BY THOSE SURVEYED	
Male decision makers (% own)	Female decision makers (% own)
1. Domestic individual stock 84%	1. Domestic stock mutual funds 68%
2. Domestic stock mutual funds 64%	2. CDs/money market/cash 67%
3. CDs/money market/cash 60%	3. Domestic individual stock 66%

Need for clarity

Laura Kogen, vice president of practice management and consulting at Fidelity suggests that when working with female clients it is vital to assess their personal life. "Take the time to discuss values, financial history, attitudes about wealth, life goals, and wishes for the next generation." She explained that by developing a holistic plan, identifying key issues and outlining how to address those issues will keep the dialogue going to deepen the level of engagement over time.

"Women are looking for more of a partnership and collaboration," said David Canter, executive vice president of practice management and consulting, Fidelity. When it comes to talking female clients through investment strategies, he believes it is imperative that advisors explain in detail all possible outcomes. "Advisors should also focus on scenario planning for women – show them whether their more conservative investments will help them achieve their goals."

"What it boils down to is that they want simplicity and they look to advisors to de-clutter their lives and address their fears," said Canter. "It all comes down to understanding that for women everything is connected. In order to gain their trust and give them confidence, you need to paint that holistic picture."

Regardless of gender, Canter says an advisor can experience more success with client retention rates by remembering to focus on what is most meaningful to individual clients. "From there the advisor can tailor his approach with gender in mind. Men and women have different personality drivers and you need to pay attention to their goals and where they're coming from," he said. "And when it comes to women and all clients for that matter, advisors should talk less, listen more and collaborate to come to a decision."