

As their wealth grows, women encouraged to deepen their direct investment knowledge

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According to the 2010 Catalyst Report, 42 per cent of Canadian women earned the same or more than their husbands in 2008, and further, 18 per cent of dual-earner family wives are the primary breadwinners in their family. On a global scale, according to the Boston Consulting Group, women control about 27 per cent of the world's wealth – about \$20 trillion.

That growing income and wealth is also translating into greater investment activity and acumen. “Women have gained both confidence and experience,” says Karen Chung, manager, RBC Direct Investing Centres. “One in three of our clients is female.”

While it can be misleading to generalize, women often share life circumstances that influence the way they invest. “Women's investment needs and risk profiles are affected by major life events, such as the birth of a child or the death of a spouse,” says Ms. Chung. “They tend to set goals either in anticipation of or as direct response to major life events and goals, such as planning for retirement – anticipating a longer life – or leaving money for their children.”

Despite their growing collective confidence in the realm of money management and investment, however, many women still feel a greater sense of vulnerability, says Karin Mizgala, CFP and co-founder of the Women's Financial Learning Centre.

According to a number of studies, she says, that can translate into more successful investing. “Women want to educate themselves. They do their homework and then stick to their plan. They understand and appreciate the concepts of asset allocation, diversification and investing for the long term.”

The result is less buying and selling, and trying to time the markets, she says – the two activities that most greatly undermine investor returns and increase costs. “Generally speaking, women are less susceptible to the games investors sometimes play – the ‘hot stock tip’ has less appeal for them.”

During the downturn of 2007 and 2008, the RBC annual RRSP survey found that women's expectations and plans for retirement were less affected by the short-term economic outlook, says Ms. Chung. “Women tend to understand their risk-return profiles, and to make well thought out decisions. They are less likely to react to market uncertainties.”

RBC Direct Investing has responded to the needs of investors with uniquely comprehensive, easy-to-use technology that provides ongoing education as well as ease of investing. “Our website walks investors through each of the six key steps of investing, from defining your investing profile and asset mix to monitoring your investments.”

The site's newest tools help build, manage and monitor portfolios, she says. “An ‘analyze and re-balance’ tool analyzes portfolio risk-return characteristics, identifying diversification by asset class, geographic sector and holding concentration; a re-balancing tool illustrates how changes to holdings will affect the portfolio; and a ‘performance page’ helps to monitor and evaluate the portfolio compared to major risk profile-equivalent benchmarks.”

All of the tools help guard against the most common pitfall for all investors, an all-or-nothing approach. “Many women don't take enough risk with their investments, because of fear and insecurity – and many jump into high-risk investments with both feet and get badly burned,” says Ms. Mizgala.

Education is the antidote to both extremes, she says. “Get clear on what it is you want, and why you're investing in the first place.”

She advises women who don't have the necessary time and motivation to invest on their own to find an advisor that they feel an affinity for. "Connect with someone who speaks your language, who really listens to you, and is respectful of where you are at in terms of your learning curve."

Online resources to get you started

- The Investors-Aid Co-operative of Canada (investors-aid.coop) is a national consumer organization for investors. Run by members for members, the web-based co-op provides current consumer information, investor education and special advisory services.
- RBC Direct Investing's practice accounts (www.rbcdirectinvesting.com/practice-accounts.html) provide investors with \$100,000 in practice money and access to the site's tools and investment products to facilitate no-risk learning.
- The Women's Financial Learning Centre provides empowering coaching, workshops and resources at www.womensfinanciallearning.ca.

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