

What women (investors) want

New research confirms women are cautious about investments

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By Wendy Cuthbert

Women are more cautious investors than men and they seek financial advisors who understand their situations. These are among the findings of two recent surveys that confirm that a gap exists between the way men and women regard investing.

The surveys, one by **BlackRock Asset Management Canada Ltd.** — for its **iShares Canada** division — and the other by **Franklin Templeton Investments Corp.**, both of Toronto, reveal some of the prevailing attitudes held by Canadian women concerning investing, retirement and financial advice.

The findings of these surveys may come as no surprise to many advisors. But the fact that they were released less than a week apart hints at an increasing interest in the gender gap when it comes to investment attitudes and practices and the need for financial advisors and financial institutions to do more to meet the needs of female clients.

Says Mary Anne Wiley, managing director and head of distribution for iShares: “Women are a growing force in the industry as investors, and it’s important for us to understand our clients and their needs.”

MORE CAUTIOUS

The iShares survey revealed two main points, according to Wiley. The first is that women tend to be more cautious investors than men. Less than one in 10 women surveyed described themselves as “aggressive” when it comes to investing, compared with 21% of male investors. Both genders, however, admitted that they have become more cautious over the past two years.

Women also expect more from their investment portfolios. While a majority, 70%, named “preservation of assets” as an essential investment priority, vs 57% of men, almost half of the women (47%) said it was “very important” that their investments grow (compared with 38% of men). And 44% of women picked the generation of income as “very important” (vs 36% of men).

Women are clearly interested in all three factors, Wiley says, making it important that they work with financial advisors. And that brings up the third finding: women prefer the human touch when seeking investment advice.

Women came out slightly ahead in terms of reliance on information from people:

48% of women surveyed got their information from banks and other financial institutions, vs 43% of men; 18% of women referred to fund managers (vs 17% of men); and 32% of women got info from friends and family (vs 28% of men).

And while 61% of men turn to daily newspapers for their financial information, only 49% of women take that approach. Says Wiley: “Female investors really value what [advisors] are bringing to the table.”

Good advice was also at the heart of the findings in the Franklin Templeton survey. That firm’s survey found that women are both less likely to hold investments than men (56% of women surveyed held investments, compared with 64% of men), and when women do hold investments, they’re less likely to feel confident about them.

The women surveyed reported feeling 11% less satisfied with their investment knowledge than men did, according to Jennifer Ball, Franklin Templeton’s senior vice president of marketing. Women are also more pessimistic than men when it comes to their outlook for their investments: 26% of female investors hold a negative point of view, compared with only 18% of men.

But this picture changes when the survey narrows in on those respondents who work with a financial advisor — comprising about three-quarters of the women surveyed who had investments. These women were 14% more satisfied with their knowledge, 15% more optimistic and 16% more confident with their financial plans than the women who invest without consulting an advisor.

BEING UNDERSTOOD

Surveys such as these reveal that advisors need to go after the women’s market, Ball says, but not blindly: “One thing they should always take into account is that women seek an advisor with an understanding of their situation.” That is the top factor women look for when choosing an advisor. “[Women] really need to be understood.”

Karin Mizgala, certified financial planner, CEO of **Money Coaches Canada Inc.** and co-founder of the **Women’s Financial Learning Centre in Vancouver**, agrees: “There are a lot of advisors out there that don’t understand women.”

Mizgala still hears of women feeling intimidated by the approach of some advisors, who may use jargon or focus strictly on the technical side of investing, when many women prefer advisors to focus on tangible goals, such as: “I just want to know if I’m going to be OK. Will I have enough to retire and educate my children?”

A lot of women surveyed admitted they will nod their head and sign on the dotted line without really understanding what’s being presented. But advisors who fail to

ensure their female clients are engaged may be jeopardizing their businesses. Says Mizgala: “There’s a missed opportunity for a creative and strong connection. And, if there isn’t that connection, there’s a lot more risk that the advisor can lose that client.”

The iShares study was based on an online survey of Canadian investors with at least \$50,000 invested in the stock market in bonds or in mutual funds, and was conducted by the Gandalf Group.

The Franklin Templeton survey was based on an online survey, conducted by Leger Marketing, of 902 Canadian adults screened to qualify as currently having some investments.