Marie Engen has always looked after her family’s finances. In the early 1980s, when she was raising two boys, she took a job at a bank in Calgary and eventually worked her way up from secretary to Certified Financial Planner. Yet when she met with other professionals to talk about her insurance, her mortgage or her investments, the guy on the other side of the desk usually ignored her and spoke directly to her husband.

"Research suggests that financial literacy is lower among women"

“There were occasions when people were a little rude,” says Engen, 57, who now works part-time in merchandising. “I would make a point of saying, ‘You know, I’m going to be making the decision here, so please direct your comments to me.’”

It’s not realistic to expect all women — or men, for that matter — to be as savvy and confident as Engen. But when it comes to finances and investing, there’s a significant gender gap. Research suggests that financial literacy is lower among women: A 2008 American study found fewer than one in five middle-aged, college-educated women could answer a simple question about compound interest, compared with more than a third of men. And an RBC survey released in February revealed that 31 per cent of Canadian women have not started saving for retirement versus 21 per cent of men. That’s a troubling statistic, especially since women live longer and may need to put away even more than their male partners.

“It amazes me how very competent women say, ‘I can’t do that. I’m not good at math. I don’t understand money,’” marvels JoAnne Anderson, a financial adviser with The MoneyPower Group at Raymond James in Mississauga, Ont. “Women
have power around this,” she insists.

In fact, they have several qualities that serve them well when it comes to managing money.

**Women don’t take stupid risks**
Just about all the research on investing and gender suggests women are less willing to take risks. A recent example: A survey released last fall by BlackRock Asset Management Canada found 21 per cent of men described themselves as very aggressive investors, compared with just nine per cent of women. As a result, women are more likely to hold conservative guaranteed investment certificates (GICs) and bonds and less likely to invest in stocks.

“Women tend to view money as security, and men view it as a tool for power, bragging rights or status,” observes Anderson, who has worked in the financial industry for more than 30 years. “When I sit down with a couple, often the man will say something like, ‘I want to beat the market, I want aggressive investments, I want the thrill of the chase.’ And the woman opens her eyes really wide and says, ‘I just want to be safe.’”

Karin Mizgala, CEO of Money Coaches Canada in Vancouver, doesn’t believe women are necessarily more conservative by nature. “It comes from a lack of confidence,” she suggests. “If a woman lacks education about investing, she’ll often stick to what she perceives as lower risk choices, like GICs. But once women understand the risks and rewards, they tend to be fairly similar to men.”

"Timid investors might outlive their money"
Note that Mizgala says GICs are only perceived to have lower risk. It’s true these investments are super-safe in the short term: You can’t lose your principal, and they typically pay a fixed rate of interest each year. However, they virtually guarantee you’ll earn low returns over the long haul — they may not even stay ahead of inflation. That’s why almost all investors should add stocks to their portfolio mix.

Timid investors may not have to worry about a market crash, but they might end up outliving their money.

Ironically, this is what many women fear most, especially those who are widowed or divorced. “Every woman who is left on her own has this fear of not having enough to live on and becoming dependent on her children,” says Anderson. “They worry they’ll be eating dog food.”

**Women know more than they think they know**
One of the reasons many women are nervous about investing is they think they need to know how to pick stocks or understand the talking heads on BNN. Nonsense: In fact, turning off the business news will help you focus on what’s
really important. “A woman may not know how to build a stock portfolio or use a discount brokerage, but that’s not necessary,” Mizgala says. Maybe all you need is a low-cost balanced mutual fund, which holds a broad mix of stocks and bonds. “What’s truly going to allow you to achieve your goals is living within your means and having a good handle on your debt. These things are far more important than understanding the ins and outs of various types of investments.”

According to Anderson, even people who don't know a stock from a bond may already be doing the important things well. "Women are often really good at looking after the household income and expenses," she points out. "They are often the ones who do the grocery shopping and make sure the bills get paid. But then they leave the investing decisions to men."

It's fine to delegate the investing to your partner if he has some expertise. But the truth is many men are just as baffled by what their advisers are saying. The difference is men feel they have to fake it. Marie Engen got a glimpse of this when she asked her husband to hand over his paycheque. "He was really upset because he worried about what his friends were going to think," she recalls. "But as the years went by, I think he found out that many of his friends were in the same situation: Their wives were taking care of the money too."

What women don't know, they research
You don't need to be a stock market genius, but you do have to learn some basics of money management, such as how to make a realistic savings plan, diversify your investments and keep fees and taxes from eating away at your returns. "That's not necessarily easy: Women are busy and time-pressed," Mizgala acknowledges. However, she says they seem willing to put in the work, especially if the alternative is making hasty choices. "Women typically want more information before they make decisions. They tend to do more research and ask more questions before moving forward."

The key is to begin your financial education now. "I'd like women to learn before they're left on their own," notes Anderson. "You don't want to be managing money for the first time when you're also dealing with grief."

Engen saw this all too often when she worked as a financial planner. "There were some women, usually in their sixties, who had money but did not know what to do with it if their husbands had passed away or if they were divorced. In my own family, when my father-in-law passed away, my mother-in-law didn't even know where the bank accounts were."

Once or twice a year, discuss your situation with your partner. At the very least, you need to understand the big picture: How soon will your mortgage be paid off? How much have you saved for your kids' education, for retirement? How much life insurance do you have? Where are the accounts held, and where are the documents filed?
If your partner is the one who looks after the finances, you may be surprised to learn he wants you in the loop. "I often hear from men who say, 'My wife has no interest in looking after the money,'" Anderson says. "These men are really concerned about what is going to happen to her if he dies first. They don't want her to be frightened, and they don't want her to be left to the sharks."

**Women are okay with asking for direction**
Most people aren't equipped to manage all of their financial affairs without professional help. But while using an adviser can be an enormous benefit, it can also create its own set of problems. Many are little more than commissioned salespeople, and if you're not savvy you may end up being steered toward financial products with high fees. A fee-only financial planner or investment adviser - who is paid directly by you, so there's no conflict of interest - is usually a better choice. Even then, it can be difficult to find one who is a good fit.

Mizgala encourages women to look for an adviser who avoids jargon and focuses on how investing relates to real-life goals. Also, if you like to spend a lot of time mulling over every financial move, Anderson recommends finding an adviser who likes to educate. "Some advisers love to sit and explain everything," she remarks. "But others have a very busy client roster, and they're going to say, 'I don't have time to spend two hours with you each time we have to make a decision.'"

Taking charge of your finances is a challenge, but its rewards can extend to the next generation. Engen and her son Robb co-write a blog called Boomer and Echo, where they share their financial strategies with others - although Engen jokes that some of her readers assume she's a man.

Anderson also got her first financial lessons from her mother, who helped her open her first bank account when she was seven years old. "When I was first licensed as a stockbroker, she was one of my clients. She was a keen and knowledgeable investor in her own right. Now she has Alzheimer's and isn't able to look after her own investments, but I had a great role model."