

Lack of confidence holding women back

It's well recognised that lower average incomes and workforce participation rates are key reasons why the average Australian woman retires with about half the superannuation than her male counterpart. Less understood is the relationship between gender retirement outcomes and the tendency for women to be less confident than men in their ability to manage money.

A report by the Australian Government Financial Literacy Foundation, "*Financial literacy- Women understanding money*" provides valuable insight into the differences between the self-perceived investment ability of men and women. The study found that women were less confident in planning their financial future. More than half the women surveyed admitted that they found dealing with money stressful and overwhelming, despite many of them being highly confident in their ability to budget, save and protect their money and deal with credit cards.



A recent study commissioned by Wells Fargo reinforces these findings, with two in five affluent women (41%) saying they are 'not at all' confident in their ability to invest. The study of 600 women with a median of \$455,000 in investable assets and \$145,000 in household income found that even having wealth and a desire to save did not translate to confidence in participants' ability to invest.

Other studies have identified eight traits seen as unique to female investors. These include less self-confidence, being a less active investor, more risk adverse, and more willing to learn from their mistakes. Ironically, these qualities are contributing to the success of many female investors, even if they don't feel confident with investing. ■ sg

Honesty is key to financial success

According to [Canada-based] financial analyst and researcher Barbara Stewart, financial confidence is not built through text books but rather through real life experiences such as those of friends, family and mentors.

BARBARA'S TIPS FOR GETTING STARTED INCLUDE:

- 01 Determine whether or not you are interested in investing – be honest with yourself.**

Many women aren't really interested in learning more about finances so they don't actually do anything about it. Acknowledge the truth and move on. If you are not interested in learning about money matters, it makes sense to hire a professional manager.
- 02 Reflect deeply on your personal values.**

Decide what is important to you and structure your finances accordingly. You will be far more likely to stick to a plan if it resonates with you.
- 03 Get started either with a trusted advisor or choose to do-it-yourself with an online account.**

Do not defer your authority to friends or family – it is unlikely that they actually know more than you do.