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WOMEN CAN DO BETTER

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The other day I read a report which says, of all the assets controlled by women, 71% is in cash – aka not invested! I started to think why?

Upon more talking and reading I understood, most women don't think they know enough about investing and growing their savings; therefore, women wait to start investing until they feel more comfortable with investing and talking matters into their hands. But procrastination hurts sometimes.

According to a study by Merrill Lynch, 41% of women wish they invested more of their money sooner rather than later when asked "what do you wish you had done differently to feel more financially secure today?"

So, why is investing such a necessary part of a woman's personal life?

Financial equality – In the face of issues like the gender pay gap, investing is one of the best ways for women to ensure that they have the financial power to make decisions that enables them to care for themselves.

Saving for retirement – Women working full time earn approximately 84 cents to every dollar a man earns, on average. That means that even if we're saving the same percentage of our income as men, we're not going to save the same amount. Also, women tend to live longer. So basically, less money will not last longer if women don't have an investment strategy for their money.

WHY TERM DEPOSITS ALONE ARE NOT ENOUGH?

Women can be very cautious when it comes to money and are likely to put their money in term deposits. With the current interest rates, money that sits in a term deposit long-term is actually depreciating in value year-after-year because of inflation. This means you're essentially losing money by choosing term deposits over a well-diversified investment portfolio.

On the other hand, men are five times more likely to name investing as their number one financial plan, meaning that more men are achieving those exponential returns throughout their lifetime than women who has terms deposits.

However, women tend to possess quite a few qualities that give an edge in the market once they decide to invest. Kiplinger's article on the secrets of women investors puts it perfectly: "Studies show that men are more inclined to behave like baseball sluggers, who swing for the fences, even if it means running the risk of striking out far more often. Women, by contrast, are more like contact hitters, who are satisfied with a string of singles."

Because women approach risk differently, we're less likely to see large swings in our portfolio values, meaning a steadier growth over time.

CHOOSING A STRATEGY THAT WORKS FOR YOU

If you don't consider yourself an investment expert (and frankly, even if you do), getting professional advice is a good idea. There are a lot of options out there for someone looking for one-on-one help. However, be careful about who you choose to trust with your money

1. Choose a fiduciary – A fiduciary is a person or a company that is legally bound to do the right thing by their clients. Not all advisers or investment firms classify as a fiduciary, so make sure to ask before officially signing with anyone. If you find a great firm that isn't a fiduciary, make sure that they put client security and well-being above personal gain.

2. Know their strategy – Talk to any potential firms about their strategy for investments. Some firms craft personalised portfolios that you have a heavy hand in selecting. Others use a formula and automated system for choosing your investments.

Every firm and platform are different, so make sure that the firm you choose uses a strategy that will work best for you.

For example, most robo-investment platforms use an investment algorithm that is based on a standard salary projections and career lifetime, so they aren't always the best choices for a personalised approach to fit a woman's financial goals for the long-term.

3. Trust your gut – If you get an "off" feeling about an adviser, firm or platform that you're considering, trust it. You are trusting a company with your financial future, and to do that, you have to trust that they are acting in your best interest. Take the time to find a company that serves you and your financial goals.

4. Look for firms that support women – While women investors are on the rise, there is still a gap between the number of men and women in the investments market. Make sure you chose a firm that will support your financial goals and understand the unique challenges that women face. While it may not immediately affect the return you get, choosing a firm or platform with a pro-women mindset will help us gain financial equality in the long-run.

Whether you're looking to save for retirement, bridge the gender pay gap or grow your wealth and financial security, investing is a great option. Do your research, trust your gut, and get started. When you see how much your savings can grow, you'll wonder why you didn't start sooner.

Be brave; investing is less exclusive and intimidating than you might think.

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