

# Gender and Money: Psychological Trends

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Times they are a-changing...or maybe not. We aren't still living in a trite 1960's TV show that is rerun on Nickelodeon, and yet that's almost what it seems like when it comes to gender and money.

With almost two decades of clients as case studies to draw on, I've had plenty of opportunity to observe through a critical lens how the people that come through my door for financial planning assistance view money. There are definite psychological trends based on gender, income level and education. The unfortunate reality is that when widows or divorced women come into my office, I rarely see any basic understanding of what they have financially and, more importantly, *why*.

Today's relationship between gender roles and money stems back to the role women have long played with their family's finances. I see a pattern wherein women were taught that it was their husband's job to handle the money, similar to the way previous generations viewed STEM (science, technology, engineering, math). Frequently, that has led to a lack of effort to truly understand the inner workings of the family's existing financial plan. Explanations such as family delegation ("he handles the money") or lack of financial acumen ("I don't understand it") are mere excuses for lack of engagement in what should be a core partnership in any relationship. When women with PhD's, medical or law degrees echo this sentiment, I have to call BS.

**"He handles the money" just cannot be an excuse any longer.**

What happens if he gets hit by a bus, becomes very sick, or you decide to get a divorce? The same principle holds true if "he" is a "she" in your relationship and just has more income. Because you chose not to engage, you don't understand where you are financially and are stuck. Knowledge is power.

Like any stereotype, this pattern trend is not universally true, but is frequent enough that it warrants questioning. In examining why we are here as a society, here are some of the key trends that I've noticed:

1. **Women who are not in a senior leadership position have less risk tolerance than their male partners in a relationship.** A higher level of knowledge is associated with greater risk tolerance in the market. Could it be that greater income leads to greater awareness about investing, which leads to greater knowledge of how to invest wisely?
2. **In a couple, if the woman makes more income, she typically has a greater tolerance for risk than her partner. This holds true for same-sex or opposite**

**sex couples.** See #1

3. **Women are almost universally more open to discussing risk management issues,** such as
  - Will we run out of money upon retirement, based on our current savings strategy?
  - What are the implications to our long-term finances if I died or my partner died?
4. **Women tend to be hyper-conscious of the financial impacts to family and finances if there were a long-term health event.** I attribute this to the fact that, statistically speaking, the oldest daughter is the person most likely to take care of aging parents in a long-term healthcare situation.

Many times men tell me (only half joking) that their long-term healthcare strategy "is a bullet to the head." This typically leads into a philosophical debate about legalized euthanasia. In an effort to placate them and play their game, I have to ask, "What kind of legacy is that to your family?" Just because we don't like to think about certain situations doesn't mean they don't happen.

5. **Women are more open to someone educating them in plain language about how investments work.** The truly self-actualized tend to openly admit that they don't fully understand how investments work. Their male counterparts tend to spend a good bit of time showcasing their results in existing accounts.

So how do you fix this or engage with money as a couple? I find it helpful to hold a weekly meeting, even for 20 minutes, to discuss your weekly cash flow and financial goals over a nice bottle of wine or beer or a tasty piece of cheesecake. Make it a core routine in your relationship and over time, your relationship will improve and your own personal development will advance.

My hope is that along with the overall cultural shift of the millennial generation, we see a matching shift in engagement as individuals of both sexes actively participate in obtaining a basic understanding of economic principles and knowledge of how money works. Those with the knowledge will become more prosperous and the ones that won't engage will get poorer. I suppose this is a fundamental element of capitalism.

No matter how you feel about capitalism as a system, however, if you want to have a say in your future, you must design it and develop a true understanding of what you have financially and why, regardless of your age, gender, intellect or income. You don't have to know every detail of the inner workings, but at least work for a solid grasp on the big picture plan and why it exists. You will be doing yourself – and society at large – a huge favor.

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