Rewriting the Rules
TELLING TRUTHS ABOUT WOMEN AND MONEY
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Introduction

At The Humphreys Group, it’s no secret we applaud and encourage the many ways in which today’s women are breaking through gender stereotypes. Since our firm’s founding, we have championed women as they’ve scaled the learning curve of personal finance and investing. Lately, we’ve been especially fascinated by the stereotypes that still permeate discussions about women and money. These phrases probably sound familiar:

- “Women aren’t interested in investing.”
- “They lack confidence about their financial decisions.”
- “When women do invest, they’re too risk-averse.”

By and large, these — as well as many other commonly accepted notions in personal finance — are all myths.

The financial services industry is experiencing an overdue wake-up call when it comes to women and money. While the #TimesUp and #MeToo social movements have their political and legal aspects, at their core, they also include women who are finding their voices and claiming their power, rights, and influence. Similarly, women are awakening to the “power of the purse” — specifically, their own. These statistics help paint the picture:

- Women are the primary breadwinners in 40% of U.S. households.
- 85% of consumer spending is controlled by women.
- 70% of major financial decisions are made by women.
- Currently, 60% of personal wealth is controlled by women — and that number is on the rise.

The data doesn’t lie, and as a result of these demographic shifts, many large financial services firms are targeting women in their latest ad campaigns. These firms ask, “What do women want?” in the many research reports they’re publishing on this very subject. That’s great for us because we, too, are very interested in women’s unique strengths, characteristics, and needs when it comes to their personal and financial lives. While these firms have good intentions, what quickly becomes clear is that they still propagate all types of myths about women and money. Let’s take a closer look and turn myths into reality in the process.
MYTH:
Men Are Better Investors Than Women
Myth 01

Men Are Better Investors Than Women

We’re starting by unpacking a big myth that has permeated the financial services industry for decades: *Men are better investors than women.*

When you search the word “investor” in Google Images, you are instantly overwhelmed by photos of men in suits and ties, peering seriously at stock charts, pointing at computer screens together, and even holding stacks of money. To the extent women are included in these images, they are usually standing behind their male counterparts, appearing to gently offer emotional support. The message these images convey is loud and clear: The world generally considers men to be the more skilled and knowledgeable gender when it comes to investing.

But it turns out that assumption is simply not the case. According to a 2016 Fidelity study, female investors tend to outperform male investors by an annual average of 0.4%\(^1\). This doesn’t seem like much, but it accumulates to a significant financial difference over time. For example, a man and a woman each invest $100,000; assuming a 4.6% average annual return for the man and a 5.0% average annual return for the woman, her investment will have grown to $432,200 after 30 years, while his will be valued at only $385,400. That’s nearly a $50,000 difference and is half of the original investment!

What factors are at play here? First, men tend to buy and sell their investments more often. The same Fidelity study found that men made an average of 55% more trades in 2016 than their female counterparts.\(^2\) This can be financially injurious because the more an investor trades, the more he risks making an investment right before it decreases in value or selling the investment right before it gains momentum. Because women are more likely to hold on to their investments throughout market fluctuations, they capture more growth over time.

Digging deeper, why do women hold on to their investments longer? There are a lot of reasons. As women, we usually conduct more research before investing and maintain a long-term perspective more often. We tend to view investing less as a game to be won and more as a means to accomplish

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\(^1\) “Who’s the Better Investor: Men or Women?” Fidelity, May 2017
\(^2\) “Who’s the Better Investor: Men or Women?” Fidelity, May 2017
our goals. Regardless of the psychology, women’s success in the investment world is good news. Chances are high that we will have sole responsibility over our finances at some point in our lives. In fact, 90% of women will find themselves in this situation, whether it’s because they delay marriage, remain single, go through a divorce, or outlive their spouse.³

Since its founding 30 years ago, The Humphreys Group has focused on working with women investors, and time and again we have seen what’s possible. Whether they gained financial responsibility over night or over time, we have stood arm in arm with women as they faced the steep end of their individual learning curve. We know women’s behavioral tendencies, combined with a willingness to learn, make for great results. Many women surprise themselves by just how good they are at “money stuff.”

In Our Experience:

- **Women view investing as a way to accomplish a goal, rather than as a game.** In doing so, women sidestep the temptation to accrue bragging rights.
- **Women are already money smart.** They often serve as the de facto chief financial officer (CFO) of their families, have budding or demanding careers, or gain valuable experience through volunteer work. This is a great starting point for learning more about finance, and in doing so, building confidence and independence.
- **Women are multi-taskers.** Juggling a long list of duties can leave little time for women to build the knowledge base they need to feel confident about financial decisions. The good news is that women are also natural delegators. Call it a squad or a posse, we are skilled at gathering support and providing it to others.
- **The world of investing is filled with jargon and unnecessary complexity.** This is by design: For decades, the financial services industry has used complexity as a sales tool by framing investments as challenging instruments and positioning themselves as the gatekeepers of them. Don’t be enticed by complexity. By keeping it simple and manageable, we can stop procrastinating, make real progress, and achieve strong investment results.

Our Advice to You:

- Think about what type of financial advice you need — in other words, what tasks should you delegate, and what should you keep in-house? Find and work with advisors who support and respect you. The Financial Planning Association (FPA) and the National Association of Personal Financial Advisors (NAPFA) offer online resources that can help you navigate the search process:
  - FPA: http://www.plannersearch.org
  - NAPFA: https://www.napfa.org/find-an-advisor#tab-filters

- By focusing on a short list of time-tested principles, you can achieve excellent investment results. Curate your investment resources and don’t get distracted by dazzle and jargon. Vanguard, a mutual fund company that has long advocated for individual investors, is a great place to start: https://personal.vanguard.com/us/insights/investingprinciples.

- Your mom was right — there is no such thing as a stupid question, especially when it comes to finance and investing. Don’t be afraid to ask a question that many others are afraid to pose, but probably have themselves.
MYTH:
Emotions and Personal Values Should be Kept Separate From Money and Investing
Myth 02

Emotion and Personal Values Should be Kept Separate From Money and Investing

Most financial advisors say that you should keep emotions and investing isolated from one another. Emotions cloud your judgment, they say. Emotions provoke irrational behavior and have no place among the pie charts and annualized returns reflected in your financial plan. It’s best to compartmentalize your feelings and save them for your therapy appointments.

We may surprise many of our industry peers when we say this, but here it goes: The idea that your emotions should remain separate from money and investing is a myth.

This myth is partially derived from the conventional wisdom that thinking and feeling are two separate processes guided by different regions of the brain. It shouldn’t be difficult to detach yourself from your emotions if you just turn off that part of your mind for a few minutes, right? Well, modern neuroscience research has shown that those areas of our brains are actually highly interconnected by neurons that translate both cognitive and emotional messages.¹ For this reason, it’s nearly impossible to completely disentangle our thoughts and feelings, try as we might. One pair of researchers highlighted a common experience that emphasizes this point: You may justify a car purchase by claiming you got a good deal, when the true, determining factor may have been that you liked how the car made you feel.²

Now, does that mean we endorse making panicked decisions every time the market swings? Of course not. Even when the market has our stomachs in knots, we’ve surely provided much-needed objective reasoning to our clients. In fact, regardless of the market environment, nearly every big choice in our clients’ lives involves plenty of dialogue, analysis, and projections to estimate how it would affect their future. But it’s important to acknowledge that intuition and emotion play equally important roles in this process. A person’s history, their current situation, and their future ambitions influence every money decision they make; disregarding this is doing a disservice to their lived experience.

¹ “Emotion, cognition, and mental state representation in amygdala and prefrontal cortex,” CD Salzman and S Fusi, 2010
² “Emotion and cognition,” Michael de la Maza and David Benz, May 2015
Perhaps nobody illustrates this point more eloquently than Jonathan Haidt, an American social psychologist. In his book, *The Happiness Hypothesis*, Haidt asks us to imagine an elephant, which represents our emotional side, and its rider, which represents our rational side. The rider, perched atop the elephant, holds the reins and seems to be in control. She excels at long-term thinking beyond the moment. However, this control is precarious because the rider is so physically small, relative to the elephant. Anytime they disagree about which direction to take, the rider will lose because she is completely overmatched by the elephant. This happens every time the elephant chooses instant gratification over the rider’s long-term goals: in real life, we overspend, sleep in, risk too much, and procrastinate.

But the elephant’s essential strength is that it provides us with much-needed motivation. Emotions like love, compassion, sympathy, and loyalty prompt us to take action on behalf of ourselves or others. Besides, when the rider is left to her own devices, she'll go nowhere without the resolve of her elephant. This happens when we find ourselves consumed by analysis paralysis, overthinking, or just lacking the enthusiasm or courage to take the next step.

Here’s the deal — you need both. “Our rider” provides the planning and direction, and “our elephant” provides the energy. Both are crucial and necessary. A reluctant elephant and a rider who lives in her own head can ensure that nothing changes. But when the elephant and the rider move together, change can come easily. So many investors — especially female investors — are told to ignore their elephants. We love this analogy because it demonstrates how focusing on emotion can be such a powerful tool for positive change.

It’s helpful to identify with both our rider and our elephant in nearly every financial conversation, but especially when we talk about investing. Why? Because investments are so much more than just figures and statistics. They represent our security, independence, values, and legacy. Some clients may view their investments as validation that they worked hard in life; others use them to support causes they believe in and give back to their communities. Some investors see their investments purely as assurance that their loved ones will remember them and live well after they’re gone. While most advisors would prefer to focus on the analytics of the investments, it takes a special advisor to acknowledge the values behind the numbers.

So, what can we do to overturn this notion that investing and emotion are divorced from one another? For us, the answer is obvious: We must talk more about our feelings in the context of money.
Our Advice to You:

- Whether you’re setting personal or financial goals, consider the power dynamic between your elephant and your rider. Do you need to unleash the power of your elephant? Or is it time for your rider to pull back on the reins a bit?
- Consider working with a financial advisor who shares this approach and is willing to tackle these issues with you. There are a range of “discovery” methods and tools that advisors use to frame the process and the discussion. We are big fans of Money Quotient, a nonprofit organization that offers financial advisors tools and training to help and inspire clients to look inward to maximize resources and live purposeful lives. You can find an advisor who adopts this approach and mindset here: [www.moneyquotient.org/advisor-search/](http://www.moneyquotient.org/advisor-search/)
- Join us! We regularly host Conversation Circles for women who are interested in straightforward and authentic discussions focused on the important, non-numerical aspects of personal finance. This is a chance to connect with other women about what matters — to discover ways to apply our unique strengths to our finances, and to share our stories, experiences, and collective wisdom. Our circles are structured and guided by a facilitator and include time for personal reflection and community-building. We explore, discover, and share but have exercises that lead to concrete actions steps, too. You can learn more here and let us know if you’d like to join: [https://humphreysgroup.com/our-services/connect/](https://humphreysgroup.com/our-services/connect/)

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**Myth 02: Emotion and Personal Values Should be Kept Separate From Money and Investing**
MYTH:
Women Are More Risk-Averse Than Men
Myth 03

Women Are More Risk-Averse Than Men

It probably comes as no surprise to learn that women are less likely than men to take physical risks. We participate in fewer extreme sports like skydiving and rock climbing. We engage in illicit drug use less often. And when we’re behind the wheel of a car, we’re less likely to speed, tailgate, and drive drunk, and we’re more inclined to wear a seat belt. So, it’s easy to assume that as women, we take fewer financial risks as well. The financial services industry has long labeled women as more “risk-averse” than men; some commentators even have the audacity to attribute this to our hormonal or biological compositions!

Consider this myth busted. The truth is, women are not as risk-averse as the general public may think.

In 2015, Merrill Lynch asked 5,000 women about their investing beliefs and behavior. When asked if they believed risk was worth the chance of reaping higher returns, the answer was a resounding “yes” — 85% said they agreed that risk-taking is beneficial, and 81% said they could adapt to changing markets and investment outcomes. The study also found that men and women who share the same level of financial knowledge exhibit the same risk behavior.\(^1\) Even more interesting is a 2012 meta-analysis of over 25 economic studies regarding risk tolerance differences between men and women. The researchers found that the difference between genders was negligible and even concluded this perception of women as cautious investors “... appears to perhaps be rooted more in confirmation bias than in reality.”\(^2\) In other words, our assumption that women are risk-averse may be skewing our perception of what is really going on.

All of these findings would seem to imply women have a healthy appetite for investment risk — and a lot of the time, that’s true. But unlike men, women are more mindful about what the dangers are before diving in. We take the time to evaluate whether the reward justifies the risk.

Sallie Krawcheck, former Wall Street executive and founder and CEO of Ellevest, explains this by differentiating between “risk aversion” and “risk awareness.” It’s true that

\(^1\) “Women and Investing: A Behavioral Finance Perspective,” Michael Liersch, Fall 2015

\(^2\) “Are Women Really More Risk-Averse than Men?” Julie Nelson, University of Massachusetts, Boston, September 2012
women are often more aware of risk. We are more likely to be invested in an age-based allocation that diversifies across asset classes, for example, and are less likely to be fully invested in equities than men. Fortunately, these behaviors clearly put women at an advantage: We’re prioritizing diversification over trendy or unsustainable investments, which is a successful long-term strategy. And as you know from the first myth we busted, our skills as investors pay off over the long term!

But there’s a bigger story happening here: As our incomes increase, so does our tolerance for risk. Fifty-four percent of women who earn more than $200,000 are willing to take “a significant investment risk” to earn higher returns, compared to 32% of the broader population of investors. High-earning women are also more likely than low-earning women to own more volatile investments like commodities, hedge funds, and venture capital. This makes sense, considering those with higher incomes have more resources and the higher margin of error that often comes with them.

Unfortunately, most women do not earn six-figure incomes, and further still, most of us are undercompensated relative to our male peers. Therein lies the best explanation for our risk-averse reputation: When we start off with less, we won’t allow ourselves to jeopardize what we’ve already saved — we have less risk “capacity.” The issue is not that women are wary of taking on risk; it’s that they don’t have as much to risk in the first place. Men, on the other hand, have reported taking on financial risk because they — quite correctly — feel they could easily make up for investment losses with their earnings. This is not a luxury that most women have.

Our Advice to You:

- **The trade-off between risk and reward is the holy grail of investing.** Spend some time educating yourself about how diversification works and how investments react differently to economic, market, and geopolitical news. There’s no need to read *The Economist* cover to cover, but you may want to start with a classic piece of investment literature, such as *A Random Walk Down Wall Street* by Burton Malkiel.

- **Consider that risk and reward go hand in hand.** Work with an advisor to develop a clear sense of the level of investment risk needed to accomplish your goals. If that level is too high for your risk tolerance, you may need to refine your goals or make other changes.

- **Don’t apologize if you have a low tolerance for risk.** We all have different prerequisites for sleeping well at night. Taking on too much risk can backfire if you make a rash investment decision in a moment of panic or stress.

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In Our Experience:

- **Education is always a good place to start**, and women already excel at doing their homework and the research needed to get smart. What’s most important is to take risk that’s appropriate for your situation.

- **Be risk-smart** — think about your risk capacity (how much risk you are able to take on, given your resources, expertise, and plan) versus your risk tolerance (how emotionally comfortable you are with taking investment risk).

- **Diversification is your friend** — you can reduce risk by diversifying across types of investments, investing consistently over time, and maintaining a long-term investment horizon.

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3 “Who’s the Better Investor: Men or Women?” Fidelity, May 2017
4 “High Income Women Investors,” Spectrem Group, January 2015
5 Shortchanged: Why Women Have Less Wealth and What Can Be Done About It, Mariko Chang, 2010

Myth 03: Women Are More Risk-Averse Than Men
MYTH:
Women Lack Confidence When It Comes to Money
Myth 04

Women Lack Confidence When It Comes to Money

Over the past few years, much ink has been spilled over women and their lack of confidence. Female executives have written books with several chapters dedicated to the topic. In 2014, one of The Atlantic’s most popular cover stories popularized the term, “the confidence gap,” and examined the empirical research on the issue. Even beauty magazines now have subtitles like, “Eight Qualities of Highly Confident Women,” and “Your Guide to Killer Confidence,” framing confidence as a supposedly-easy character trait to adopt while you’re waiting in line at the grocery store.

Despite being hackneyed, there is good reason for the discourse around this topic. An overwhelming amount of evidence has shown that the confidence gap has been a problem historically. In the world of finance, this concept has manifested itself by depicting women as timid, indecisive investors, insecure about their financial knowledge and the decisions they make with money. But there are signs that the tides are changing — so much so, in fact, that we would argue it’s a myth that women lack financial confidence.

One reason women are perceived as being unsure of themselves is because they often make decisions differently than men do. We live in a culture that applauds people who speak and act authoritatively, don’t hesitate or mince words, and make decisions quickly (for better or worse). While there are certainly women who embody these characteristics, there are many more who tend to think things through before they contribute to a conversation or prefer to gather more information before making a decision. This quality can be easily misinterpreted as a mark of indecisiveness and insecurity when, in fact, the woman who embodies it is simply taking time to reach a well-informed decision.

Research has shown that when complex situations present themselves, women are more likely to evaluate the nuances in the details, while men tend to focus on fewer pieces of data.1 As you can imagine, this often decreases the quality of the man’s decision-making process and boosts the quality of the woman’s.

1 “Are Women Better Than Men at Multi-Tasking?” BMC Psychology, October 2013
Making decisions about money is complex and nuanced, something women are good at — so where is the disconnect? Women simply want to know more before making an important financial decision. Merrill Lynch recently pointed out that even among men and women with similar levels of financial knowledge, women are more likely to say they don’t know enough. Many of our clients have walked into our office believing they were not adept at handling their finances when, in actuality, they just needed to have their questions answered in a straightforward and transparent way.

The good news is there are early indications that societal changes are improving women’s “confidence” around money, particularly in the younger generation because they are gaining more access to information. Women ages 25–34 are more likely than their elders to report they learned about finances from one or both parents (62%, compared to 45% of older women), and over half (51%) say they are very confident in their investing skills. This final statistic is in stark contrast to their elders: Only 36% of women ages 35–49, 14% of women ages 50-69, and 11% of women ages 70-84 said they feel confident in their investing skills.

So, how can we ride this new wave of financial confidence?

In Our Experience:

- Women discount their financial savviness without considering areas of their lives in which they are already smart about money — family budgeting, volunteer work involving financial management, managing medical issues, and advocating for family members and loved ones.
- Women are adept at picking up financial concepts if they are explained without unnecessary jargon or obscure concepts.
- If women are clear about their goals and values, they’ll find making decisions can be simple and straightforward. Once our clients have defined what matters most, decisions fall into place more easily. Aligning our financial resources with our highest priorities and values can provide relief and a sense of certainty.

Our Advice to You:

- Women generally prefer to learn in group settings, which are much more supportive and collaborative. We learn from each other as we share our hard-won wisdom. Whether the subject is personal finance or meditation, group learning may be just the ticket.
- We believe that self-reflection leads to self-knowledge and is a natural precursor to building confidence. Spend some time — structured or otherwise — reflecting on what you care about most. If you’re feeling stuck, we can provide some helpful exercises.
- Persist. When your questions are answered with spin, insist on clarity, transparency, and an absence of condescension.
- We regularly host Conversation Circles for women who are interested in straightforward and authentic discussions focusing on the non-numerical aspects of personal finance. We talk to each other about what matters, discover ways to apply our unique strengths to our finances, and share our stories, experiences, and collective wisdom about money. Everyone is welcome — let us know if you’d like to be included in our next Circle!

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2 “Women and Investing: A Behavioral Finance Perspective,” Michael Liersch, Fall 2015
3 “Ameriprise Study Reveals More Women are Taking Command of Their Finances,” Ameriprise, June 2014
MYTH: Women Are Less Interested in Investing
Myth 05

Women Are Less Interested in Investing

A few years ago, a nonprofit organization conducted a series of workshops designed to educate women in the Washington, D.C., area on the basics of investing. They focused on nurses at a local hospital, assuming that because the nurses were well-educated, they would also be interested in investments. However, the organizers were dismayed when only one or two nurses chose to attend. When the time came to plan the workshops again, the organizers decided to keep the content the same, but made one small adjustment— they changed the name. Rather than using the word, “investing,” the workshops were framed around “financial security.” This time, the room filled up with attendees.¹

This case would seem to suggest women are ambivalent about or uninterested in investments, right? On the contrary — we believe this story proves that women are interested in investing. Rather, they may see the concept in a different light or associate it with a different name.

That’s right: The idea that women aren’t interested in investing is a myth!

Like several other myths we’ve busted, this one is rooted in stereotypes. Traditional gender roles suggest that women prefer “simple” financial tasks, like paying bills or grocery shopping, and defer more “important” matters, like earning a high income and investing, to the men in their lives. Perhaps that has been true historically, but a different reality is taking shape. Female entrepreneurship is on the rise: Between 2007 and 2016, the number of women-owned companies grew at a rate five times faster than the national average (45% versus 9% among all businesses).² The same is true for female breadwinners: One in four moms now hold that title, compared to one in three in 1990 and one in ten in 1960.³ Moreover, $14 trillion (51%) of personal wealth in the United States is now controlled by women, a figure that is expected to grow to $22 trillion by 2020.⁴ Women are reaping the economic benefits of their professional success and still have plenty of room to grow.

¹ “The best investment news for women now,” Elizabeth MacBride, CNBC, February 2016
³ “Breadwinning Mothers are Increasingly the U.S. Norm,” Sara Jane Glynn, Center for American Progress, December 2016
⁴ “Financial concerns of women,” BMO Wealth Institute, March 2015
However, women have attained this financial power despite the fact that the world of finance has overlooked them for decades. Sallie Krawcheck, Wall Street veteran and CEO of Ellevest, likes to say that the investing industry was created “by men, for men,” and therefore defaulted to their preferences and characteristics. She points out how the industry places special importance on trading to beat a market index, rather than doing so to accomplish a specific goal, and is overrun by the financial media, which closely resembles sports networks. Until recently, most firms seemed to focus primarily on male clientele and often relied on financial jargon that men seem to have a higher tolerance for. And then there’s the industry symbol of a bull — a figure that is literally masculine by definition. Given all this, it makes sense that women haven’t been particularly enthralled with what most investment firms are offering.

The investment world isn’t the only industry that’s designed this way, of course. Design, business, media, and technology have also historically omitted the female perspective. Some female entrepreneurs argue that as a result, men move through the world unaware that it’s been designed for their comfort, while women move through the world encountering small, daily points of friction or discomfort. The pain points they encounter in the investment world are especially detrimental, however, because their financial wellbeing impacts their livelihood.

Fortunately, now that women’s economic influence is growing, it appears investing is the next hurdle they are ready to jump. In 2015, Merrill Lynch found that just over 50% of women said they wanted to participate in making changes to their investment approach — nearly mirroring the 55% of men who said the same. And when Fidelity asked what women would most like to learn with 60 minutes of professional financial advice, the first choice listed by women in every age group was, “learning more about how to invest my money.” It’s clear that women are more ready than ever to carve out their place in the world of investing.

Like the nurses who attended the educational workshops referenced earlier, we’ve also found that women become especially engaged in financial planning when they realize investments can serve as a vehicle to care for their families, reflect their values, and give them peace of mind. Call it what you will — investing, financial security, asset management — but when women make this connection, chances are they’ll enjoy it more than they ever expected.

So, how do we continue to foster women’s financial power and talk about investing in a context that really matters?

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Footnotes:

1. “How Do You ‘Invest Like a Woman’? Sallie Krawcheck Shows You With Ellevest’s First Ad,” Angela Natividad, Adweek, January 2017
2. “The Silent Rise of the Female-Driven Economy,” Danielle Kayembe and Bourree Lam, Refinery 29, December 2017
In Our Experience:

- Since our firm's founding in 1983, women have traditionally represented about 70% of our client base — so we’ve seen a lot of women navigate the investment world through good times and bad. We know from experience that there are plenty of women asking the tough investment questions, those who are eager to drill down into the data. On the flip side, we’ve worked with an equal number of men who are happy to hear the “36,000-foot” version of our investment report and be done with it.

- We’ve seen that women are most concerned with making decisions which help them manage their resources in the best-possible way.

- Women want solid investment results that meet their goals — and they are less likely than men to be concerned with bragging rights or the allure of investing in the latest hot stock.

Our Advice to You:

- Understand that if you get overwhelmed and deterred by convoluted financial jargon, you’re not alone. Many people (of all genders) are a bit daunted by technical investment concepts, even though they don’t always want to admit it. Many advisors present themselves as gatekeepers of complicated information and use this framework to build their client base. In reality, investing isn’t as mystifying as it sounds, and it’s possible to talk about it in a straightforward and transparent way.

- The investment industry has finally realized they need to cater to female clients, and it is now in a frenzy to do so. Use this to your advantage and make sure to find an advisor who makes you feel confident in belonging at the table.

- Connect your investments to your values. Your investments are so much more than numbers and pie charts; they represent your agency, security, independence, legacy, and much more. We talked all about this in Myth 02 — check it out if you missed it!
MYTH: Women Are Less Knowledgeable About Math and Investing
Myth 06

Women Are Less Knowledgeable About Math and Investing

Back in 2005, Larry Summers — then, the president of Harvard University — was asked to speak about the underrepresentation of women in science and engineering. In his remarks, he suggested that women have difficulty finding success in these fields because of innate gender differences in our mathematical abilities — he called it our “intrinsic aptitude.” This prompted a massive outcry, in and outside the world of academia. Even after issuing an apology, the comments led to his resignation the following year. Summers likely didn’t know it at the time, but he was echoing one of the oldest gender stereotypes in the book. And although we have decades of research disproving it time and again, one need look no further than James Damore’s recently published Google memo — which asserts that “women are biologically less capable of engineering” — to confirm the stereotype is still alive and well.

We are officially adding our voices to the chorus: The idea that women are inherently bad at math — and anything it involves — is a myth!

Of all the myths we’ve chosen to bust, this is probably the one you’re most familiar with. For generations, women have been told they aren’t as skilled at math as their male peers, and as a result, they’ve been steered toward pursuing careers in the humanities rather than science, technology, engineering, and finance. People who echo Summers’s claim say research is on their side, but since the 1980s, a litany of studies have thoroughly debunked this notion. One well-known meta-analysis found that female students have consistently earned slightly higher grades than their male counterparts in all fields of study since 1914.1 Yes, you read that correctly — for more than a century! And when you look at a combined high school grade point average for math and science specifically, girls have been outperforming boys for at least 25 years.2 Although the gender differences are generally small, one team of researchers stated the sheer consistency of female achievement suggests their findings “should not be ignored.”3

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1 “Gender Differences in Scholastic Achievement: A Meta-Analysis,” Daniel and Susan Voyer, April 2014
3 “Gender Differences in Scholastic Achievement: A Meta-Analysis,” Daniel and Susan Voyer, April 2014
To be clear, although we earn better grades, boys still do receive higher math scores on standardized tests like the SAT, ACT and advanced placement exams. But the gap has grown smaller over time — in the early 1980s, there were 13 boys for every girl who scored above 700 on the SAT math exam. That ratio has now shrunk to about three to one. Clearly, it won’t be long before this gap is closed entirely.

The bad news is that despite their impressive gains in test scores, girls are still internalizing the message that they aren’t as smart as the boys around them. Researchers at Dartmouth College and Northwestern University found that reminding women of gender stereotypes before an exam not only heightened their anxiety but also caused them to underutilize the regions of the brain associated with mathematical learning. Even the mere acknowledgement of gender can hamper girls’ achievement — when female students were asked to identify their gender before taking an AP calculus exam, they performed worse than the female students who were asked to identify it after the exam. This little box is estimated to keep nearly 5,000 female students a year from earning advanced calculus credit!

Unfortunately, the consequences of these stereotypes endure long into adulthood. When those female students become adults and start to face questions about personal finance and investing, they often assume those topics require high-level mathematical expertise and doubt their ability to handle it. A 2016 survey found that when tested on financial literacy and diversification, women were much more likely than men to choose the answer, “do not know.” But when researchers removed this option as a potential answer, the chances of women choosing the correct response increased significantly.

So, how do we make sure this myth stays in the past, where it belongs?

In Our Experience:

- **Mathematical expertise is not an innate characteristic;** it’s a skill set that improves with effort and practice. Even if you still have nightmares about your high school algebra class, you are capable of learning about the fundamentals of investing. Like most things in life, all it takes is a little practice!

- **That said, you don’t have to know it all.** The financial media is full of superfluous terminology and analysis, which can give a lot of women the false impression that they’re too dimwitted to understand the field. In truth, there are only a few key principles you need to understand to be a good investor.

- **On a personal note, Diane Bourdo, President of The Humphreys Group, was an English major as an undergrad** and refined the art of avoiding math and science during her tenure at the University of Wisconsin. Fast forward to a few years later, and she discovered the absolute joy and certainty of calculus! The precision of math came as a relief after so many years of free-form essay exams.

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Our Advice to You:

- **Recognize when you work against yourself.** We all have inner critics who seem to echo words of discouragement from our pasts, which are rooted in our insecurities and stereotypes — not in reality. Instead, industry thought leader Tara Mohr suggests an alternative that we love: Spend time connecting more strongly with your “inner mentor,” which is your older, wiser self.

- **Don’t be afraid to ask for more clarity.** It’s entirely possible that math has never been, and never will be, a strength of yours — and that is totally okay. If this is the case, you still deserve to be informed, so don’t hesitate to ask your financial advisor or CPA questions until it all clicks for you. It’s their job to communicate the necessary information in a way that speaks to your learning style.
MYTH: Women Need Extra Help Understanding Their Finances
Myth 07
Women Need Extra Help Understanding Their Finances

For 20 years, Annamaria Lusardi, an Italian-born economist and researcher, has been testing people all over the world on their financial knowledge. She has become especially well-known for constructing a financial literacy test composed of three basic questions on inflation, diversification, and compound interest. Unfortunately, only about 30% of Americans could answer all of them correctly. Even more alarming, however, is a sizeable gender gap: While 38% of men provided the correct answer to all three questions, only 22% of women did the same.¹

Research like this has fueled a newfound crusade within the financial services industry to educate women on their finances. Though it began with good intentions, it has quickly become more condescending than helpful. Corporate firms now talk about working with female clients as if it’s a mystery they must solve, and books with cringeworthy titles like Does This Make My Assets Look Fat? have appeared on recommended reading lists. While we submit that the gender gap in financial literacy exists, let us be clear: The idea that women need extra help understanding their finances is a myth.

This may seem counterintuitive, but to truly understand this myth, it helps to take a closer look at the data. A key reason women performed worse than men on Lusardi’s financial literacy test is they disproportionately answered the test questions with “do not know.” To determine if this was truly the result of a lack of understanding, Lusardi and her research team decided to remove “do not know” as an answer option. When they did, women’s correct responses increased significantly. In fact, Lusardi estimates that half of the gap was the result of women underestimating their own knowledge!²

While this simple change sheds light on how often women underestimate themselves, it did not eliminate the gender gap entirely – which means that yes, men still do appear to

have more financial knowledge than women. But it’s not because women are less capable of understanding financial concepts; it’s because they’re rarely given the opportunity to learn about them in the first place. Across the world, those with the most financial knowledge are also the most wealthy — and it turns out men are significantly wealthier than women. As a result, a college-educated man is 45% more likely to understand diversification than a low-income woman with less than a high school education. And because financial literacy is a major predictor of behaviors that accumulate money (like investing in the stock market), this lack of knowledge only exacerbates economic disparities.

The financial services industry views this disparity as an opportunity to “swoop in and rescue” women from the unfortunate situation in which they find themselves. Advisors cite less financial education, a longer life span, and lower salaries as evidence that women need help understanding and managing their money, and proudly present themselves as the solution. Large firms, eager to build their clientele, now offer internal workshops on how to deliver “female-friendly” financial advice, complete with patronizing sales pitches. And a new flock of financial gurus have now made a living off of selling books that are unhelpful at best, and sexist at worst.

Fortunately, women already know they need to learn more about money and are taking it upon themselves to fix it. Financial wellness programs have seen an encouraging uptick in female participants in recent years. In 2014, Financial Finesse found that women completed two-thirds of their financial evaluations, up from one-half three years before. Many instructors have also observed that women’s willingness to seek out financial education makes them easy to teach compared to men, who are usually less likely to admit what they don’t understand. And we’re already seeing the gap closing across generations: A study from just last year found that the financial literacy gap between genders for those under age 35 is much smaller than the general population. Women are taking initiative, proving they do not need to be coddled and cajoled into understanding their finances — they’re doing it all on their own, thank you very much.

Of course, because this problem is largely rooted in systemic issues, many argue that education alone won’t make the financial literacy gap disappear. This is certainly true — rather, large-scale economic change would make a huge difference in helping women become more educated about money. In the meantime, on an individual level, what can we do to move the needle?

**Myth 07: Women Need Extra Help Understanding Their Finances**

We see women underestimate their abilities all the time. Even successful female business owners and executives can fall victim to self-doubt that is completely unjustified. We think it’s about time women stop discounting their skills and knowledge.

That said, the fact that women are aware of their lack of knowledge makes them ideal financial decision-makers. Being overconfident about money can be a recipe for disaster. Luckily, if you’ve read the fourth myth we’ve busted, you know women often take the time to ask for more information and fill in the gaps where their knowledge is lacking before coming to a conclusion — and we’re all better for it!

Women earn less, live longer, and are more likely to be caregivers, which means their needs are different. They don’t necessarily need more help, but rather, they need assistance in areas that men do not.

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Our Advice to You:

- The next time the words, “I don’t know,” come out of your mouth, ask yourself if that’s really the case or if you’re not giving yourself enough credit. What would you say if “I don’t know” wasn’t an option? Similarly, call it out when you hear other women discounting themselves — awareness is curative.

- Recognize that wanting more information is not equivalent to not knowing. Acknowledge that you probably already know more than the average person, and then gather all the information you need to feed your appetite for knowledge!

- Accept that there is an endless amount of data out there, and you don’t need to know it all. Eat this elephant one bite at the time — start with the basics and focus on what interests you most.

- If you are a book learner, we recommend picking up a copy of On Your Own Two Feet by Manisha Thakor — it’s a very user-friendly guide for women who want to get smarter about money.

- If you like to watch videos, check out Khan Academy: https://www.khanacademy.org/economics-finance-domain/core-finance

- If you like to explore websites, check out MyMoney.gov: https://www.mymoney.gov/Pages/default.aspx
MYTH:
Women Can’t Save Because They Spend Money Irresponsibly
**Myth 08**

**Women Can’t Save Because They Spend Money Irresponsibly**

You’ve seen it before: The husband who jokes that his job is to make money and his wife’s job is to spend it. The famous financial gurus who shame their readers about “latte-ing away” their life savings. Maybe you’ve even worked with a financial advisor who playfully wagged a finger at you for your shopping habits. Men have smugly dismissed women as overindulgent spendthrifts for ages, and it has led most advisors to accept what financial journalist Helaine Olen calls the “Sex and the City approach to female finance.” The underlying message? Those silly girls run into financial trouble because they buy Jimmy Choo shoes when they should be giving money to Chuck Schwab instead.¹

We’re sorry we even have to address this stereotype, but it’s so pervasive we’d be remiss not to: The idea that women spend their money irresponsibly is a myth!

Why do women have such a notorious reputation for being shopaholics? It’s likely because women do tend to shop more than men — in fact, they’re responsible for 85% of overall consumer spending.² But consider the context: Women are almost always the primary caregivers for their loved ones. That means they end up not just buying for themselves but for their kids, spouses, relatives, friends, colleagues, their neighbors, their mailman, their babysitter … you get the picture.

“If somebody, somewhere needs a gift, chances are there’s a woman thinking about it — tracking it down, wrapping it, making sure it’s accompanied by a personal message, and then delivered on the appointed day,” says Bridget Brennan, a leading researcher on female consumers. “I sometimes think entire industries would collapse overnight if women stopped being so thoughtful. Consider the impact to the greeting card industry alone.”³

When women do shop for themselves, they spend more on categories you’d expect, specifically clothing and personal care. Men, on the other hand, splurge more on alcohol,

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² Yankelovich Monitor & Greenfield Online
electronics, and car purchases. In fact, men spend more overall: A 2011 Gallup poll found that on average, men spend $11 more per day than women. Men are also less likely to comparison shop, quicker to click the "check out" button while online shopping, and spend significantly more on impulse purchases. In 2013, Experian noted that men had 4.3% more debt than women, took out bigger mortgages, and were late on their payments more often. Yet somehow, men don’t seem to encounter much criticism about their spending habits — no smirks, no snide comments, no finger-wagging, no latte-shaming.

And yet, men still think women are careless about money. A national survey of 1,000 married adults found that 43% of men think their spouse is more likely to make frivolous purchases and only 34% of women say the same. This stereotype seems to stick no matter how much data refutes it, so what more do women have to do to be recognized as the responsible consumers they are?

In Our Experience:

- All too often, the effort involved in managing a household is discounted. But tasks like grocery shopping and gift-giving comprise an endless amount of invisible labor that women put forth every day to maintain the structure and stability of their families’ lives.
- Women are more likely to use their resources to obtain food, health care, and education for their families. In turn, these contributions benefit their community as a whole — there’s nothing more responsible than that.
- When women come up short financially, it can more often be attributed to underearning rather than overspending. Women do more with less.

Our Advice to You:

- Change the narrative. Don’t be afraid to share the data and your own experience the next time a man grumbles to you about his wife’s shopping habits. And when you buy those outrageously expensive shoes, own it. Don’t imply they were an impulse when you know you’ve been saving to get them!
- Tracking your expenses is the single most important habit you can develop when it comes to your financial strength and knowing how to live within your means. Helpful tools can include sites like Mint.com and YouNeedaBudget.com, an Excel spreadsheet, or paper and a pen. Approach the task with curiosity and banish any creeping self-judgement. Treat your spending as data with which to evaluate whether you’re spending your hard-earned funds in the most meaningful way, for you.
- When you do treat yourself, you should do it with gladness in your heart, knowing it is completely within your means. This can only happen if you are minding your budget. Studies show that women excel at this so keep up the good work!

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7 “Survey: 1 in 4 Americans make impulse purchases,” Martin Merzer, Creditcards.com, November 2014
8 “Women flexing their financial muscles: women’s credit is in better shape than men’s credit according to Experian,” Kristine Snyder, Experian, 2013

Myth 08: Women Can’t Save Because They Spend Money Irresponsibly
MYTH:
Women Will Save Enough for Retirement if They Set Up a 401(k) and Play by the Rules
Myth 09

Women Will Save Enough for Retirement if They Set Up a 401(k) and Play by the Rules

In 1980, a benefits consultant named Ted Benna was tasked with redesigning his employer’s cash bonus plan. He noticed an opportunity in Section 401(k) of the tax code and asked the IRS to revise it in a way that would allow employees to contribute pre-tax dollars while receiving matching contributions from their employer. In 1981, the IRS issued a rule based on his request — and et voilà! The 401(k) was born.

Much to Benna’s surprise, his idea quickly revolutionized the way Americans save for retirement. Although he intended for 401(k) plans to be offered as an extra benefit to employees, companies began using them in lieu of traditional pension plans, and assets held in 401(k) plans skyrocketed. Within five years, 401(k) plan assets totaled nearly $200 billion, and by 1996, they exceeded $1 trillion. In 2004, President George W. Bush praised 401(k) plans as a feature of the “ownership society,” a concept he coined to promote personal responsibility. And now, nearly 40 years after these plans began, 55 million American employees hold $5.3 trillion in 401(k) plans. Contributing to a 401(k) has become the primary way most of us save for retirement, and perhaps the most important rule of thumb in finance has become, “max out your 401(k) funding!”

All this fanfare has led many to believe that as long as you contribute 10% of your pre-tax salary to your 401(k), take advantage of your employer’s matching contributions, and perhaps invest it in a target-date mutual fund, you can pat yourself on the back and happily plan a retirement party when you turn 65. But as some of those first 401(k) participants have begun to retire, we’ve realized these plans, on their own, are woefully inadequate for financially sustaining retirees through their lifetime. Worse yet, they’re especially insufficient for women. We’re sorry to say it, but the conventional notion that a 401(k) plan will set up women for retirement success is a myth.

When we say that 401(k) plans are inadequate, we’re not kidding. Women are

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2 “ICI Resources on 401(k) Plans,” Investment Company Institute, January 2018
80% more likely than men to be impoverished at age 65 and older, and three times more likely to be living in poverty between the ages of 75 and 79. And while common sense tells us we should counteract this by simply contributing more to our retirement accounts, well, we already are. A recent Vanguard study found that women are 14% more likely to voluntarily participate in a 401(k) plan. We also save more than our male co-workers (7%-16%, depending on the income level), yet still end up with significantly less in our retirement because — surprise, surprise — we earn less than men. While the average male employee enjoys a 401(k) balance of $123,262, the average female employee has only $79,572. According to Vanguard, the gap in retirement savings essentially disappears after controlling for the income gap, but unfortunately, that won’t happen anytime soon. Experts say we likely won’t see wage equality until at least 2059. Even if we did live in a perfect world, where we receive equal pay, there are a host of other reasons why women are still more vulnerable to financial hardship in retirement. Most obviously, we live longer. Life expectancy for women is currently approximately 81 years, compared to 76 years for men. That means we not only have to afford the cost of living for a longer period of time but are also burdened with much higher health care expenses, which increase with age. A healthy 55-year-old woman can expect to pay an average of $79,000 more in health care expenses in retirement than a healthy man who is the same age. And because health care costs show no signs of slowing down, younger women will have an even steeper hurdle to jump.

A more insidious factor endangering women’s retirement is our tendency to take on caregiving responsibilities for our families. Women make up two-thirds of all caregivers, and while some are able to balance this responsibility with maintaining their day jobs, they are often forced to take time out of the workforce. “The net result is that women only work about 75% of the years that men work,” says Diane Garnick, chief income strategist at TIAA. “If your retirement savings is a percentage of your pay, and you are not working, well, you’re saving zero.” Women who quit their jobs to care for children or elderly family members lose an average of $324,000 in wages and benefits over their lifetime. Even if they decide to work part-time instead, they don’t do their retirement savings any favors — part-time employees are rarely eligible to participate in a 401(k) plan.

Given all this evidence, it’s clear that even if women do “play by the rules” and diligently contribute to their 401(k) plans, the likelihood they’ll enjoy a worry-free and comfortable retirement remains slim. But while it’s easy to view women’s retirement years in bleak terms, there are some small steps we can take today that will change our outcomes for the better.

**Myth 09: Women Will Save Enough for Retirement if They Set Up a 401(k) and Play by the Rules**

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In Our Experience:

If 401(k) savings won’t be enough, is there room in your budget to do more? We say it all the time: The single most important thing you can do to improve your financial health is to track your income and expenses. Whether by paper-and-pen or Mint.com (or other apps), you need to take a clear-eyed, realistic look at your income and expenses. Are you underearning or overspending? Some of both? Tracking and categorizing your expenses can be tedious and daunting, so we encourage you to approach it with the mindset that it’s just data — data that is necessary to evaluate whether you should make spending shifts and how to make them. Remember you can’t embark on a journey until you’ve located yourself on the map. You can’t make choices about how to change your spending until you have insight into the choices you’re making now. But the payoff is huge: Clarifying your income and expenses will give you the information you need to evaluate trade-offs, make informed decisions, and feel confident. There’s no secret sauce, but it all adds up to better financial outcomes.

Making small course-corrections to spending and retirement contributions now will have far greater impact than large corrections you make later. Try resisting the temptation of immediate gratification by thinking of these changes as advocacy for yourself at ages 70, 80, or older.

We know that women have a great capacity to be compassionate but often do not reserve compassion for themselves. Start by giving yourself credit for having the courage to dive in.

Our Advice to You:

Spend some time really visualizing what you expect retirement to look like. Where will you be living? How might your lifestyle change? What will a typical day look like? Answering these questions will inform what exactly you’re saving for — and perhaps it will motivate you to increase your contributions to achieve your goals.

Invest in a reality check. Work with a financial advisor to crunch the numbers to see if you are on track. Armed with your financial data and some well-considered assumptions, you can get a realistic idea of where you stand now and devise a plan to make the course-corrections that work best for you.

If you have access to a 401(k) plan, you should absolutely contribute, at least enough to equal your employer’s matching contributions. But it’s never too soon to start supplementing your savings with a health savings account (HSA), a traditional IRA, or a Roth IRA. If you’re self-employed, consider supplementing with a SEP IRA.

Consider obtaining long-term care insurance, especially if you have a family history that indicates you may experience health challenges later in life. Such policies can be costly, yes, but they can make a world of difference.
MYTH:
We Should Focus Our Time on Fixing the Gender Income Gap, Not the Wealth Gap
We Should Focus Our Time on Fixing the Gender Income Gap, Not the Wealth Gap

It’s safe to say that gender equality has never been more talked about than it is today. There is a lot to be hopeful about, between the #MeToo movement, the #TimesUp initiative, and the wave of abusive men losing their influence and strong women stepping into their power. In addition to changing the way we view and handle sexual harassment and assault, these movements have also prompted honest discussions about pay inequality, and for good reason: Despite a fair amount of progress, women still only earn about 79 cents for every dollar a man makes. Countless advocates have dedicated their time to push for policies intended to close the gender income gap, and it’s still worth fighting for — researchers say the gap likely won’t close until at least 2059.1

But the income gap is not the only thing hampering women’s financial mobility. Lurking beneath it is another disparity that, in some ways, is even more alarming: the wealth gap. We think tackling gender differences in wealth is just as important as tackling gender differences in pay, so we’re taking the first step in doing just that. Allow us to explain why it’s a myth to think that closing the income gap is all women need to achieve economic equality.

Okay, so the wealth gap exists, but what exactly are we talking about? The most recent data comes from the Federal Reserve, which revealed that in the United States, the median wealth for single women is $3,210, while single men have a median wealth of $10,150. This means women own 32 cents for every one dollar owned by men.2 That’s it — 32 cents. And just like the wage gap, the wealth gap is even worse for women of color. Black and Latina women own just pennies on the dollar compared to their white female peers.3

This is important because, at the risk of stating the obvious, a person’s wealth — their assets (cash, investments, and real estate) minus their liabilities (credit card debt, student loans, and mortgage debt)

1 “The Simple Truth about the Gender Pay Gap,” American Association of University Women, 2017
— determines how well they withstand a financial emergency. In fact, many economists believe that measuring wealth is a much more accurate picture of how one is doing financially because wages only indicate how much money is coming in; wealth measures how much has stayed in. When an unexpected medical bill or car repair arises, it’s wealth that we tap into — and men are able to tap into literally three times as much.

There’s no doubt that the income gap contributes to this difference in wealth, but it is not the sole reason the disparity is so high. Another significant element is single parenthood. Women are more likely to shoulder the responsibility of raising children on their own. If you have kids, you know parenthood does not come cheap. Between 2000 and 2012, child care costs increased by 24% and medical care costs increased by 21%. This happened during a time when the median income in the United States actually declined.4

As a result of rising costs and lower incomes, women — particularly low-income women — are increasingly likely to take on debt to cover their expenses. JP Morgan Chase compared the accounts of men and women following a large, unexpected medical payment and found that one year after the payment was due, women experienced a 14% increase in their revolving credit card balance, while men experienced an increase of just 3%.5 And that was just a credit card — when looking at women’s liabilities overall, their median debt was 177% higher than the median debt for men. Mariko Chang, a leading researcher on the wealth gap, calls this the “debt anchor” because debt payments so clearly weigh down a person’s ability to build a financial safety net.6

Lastly, the wealth gap is further exacerbated by the limited access women may have to employment benefits, government benefits, and tax breaks that facilitate wealth-building, due to their employment status. If you read our ninth myth, you know women are more likely to work part-time jobs, which often inhibit them from participating in 401(k) plans and accessing health insurance. In addition, women are incredibly underrepresented among the wealthiest Americans, who receive the most generous tax credits, deductions, and exemptions. The top 1% receive $95 billion in federal tax benefits, which is more than 26 times the bottom 20%, who receive $3.6 billion — and women are overrepresented in that bottom 20%.

It’s easy to get discouraged by all of this evidence. We understand that creating positive change may seem daunting, as the causes for the wealth gap are systemic, societal, and largely beyond our control. But are there actions we can take, even on a small scale, that will help alleviate the wealth gap and give it the attention it deserves?

In Our Experience:

- In November 2017, Reese Witherspoon, a savvy and successful businesswoman, gave a speech in which she proudly owned her ambition. She refused to label “ambition” as a dirty word, and further, she asked, “What if all women were encouraged to be a bit more ambitious?” We would add, “What if all women were encouraged to be a bit less apologetic?” Yes, we have all heard the word, “ambitious,” used in the pejorative with regard to women, but we need to change the narrative. Women need to be more open and less apologetic about wanting to succeed financially, make a good living, and accrue assets.

- More recently, Jessica Knoll, a novelist in Los Angeles, headlined her New York Times op-ed, “I Want to be Rich and I’m Not Sorry.” Her words are music to our ears. She covers a lot of ground and points out the differences between how boys and girls are socialized. “I have always wrestled with what has been expected of me as a woman versus what I expect of myself. The conflicting messages of millennial womanhood: to be ambitious but never bossy, strong but skinny, honest but polite, supportive of my fellow sisters’ success while the culture gets off on girl fights. Only in fiction have I been able to create women who aggressively seek money and power the way men seek money and power.”

Our Advice to You:

- Check out the Consumer Financial Protection Bureau (CFPB)! The CFPB is a government agency that makes sure American banks, lenders, and other financial companies treat their customers fairly. The CFPB website offers a wealth of resources and information, including guides on securing different types of loans, understanding the ins and outs of student loans, and detecting financial frauds and scams: https://www.consumerfinance.gov/

- Support a community loan or nonprofit organization that is tackling the wealth gap, such as the Northern California Community Loan Fund. This organization (and others like it) provides financial products, sound advice, and community involvement to create economic opportunities and revitalize low-income communities.

- If this strikes a chord and aligns with your values, consider supporting a community loan or nonprofit organization that is tackling the wealth gap, such as the Northern California Community Loan Fund. This organization (and others like it) provides financial products, sound advice, and community involvement to create economic opportunities and revitalize low-income communities.

- If this strikes a chord and aligns with your values, consider supporting a community loan or nonprofit organization that is tackling the wealth gap, such as the Northern California Community Loan Fund. This organization (and others like it) provides financial products, sound advice, and community involvement to create economic opportunities and revitalize low-income communities.

- Support your local female entrepreneurs. Use their services, buy their goods, and frequent their enterprises. In the big picture, this may seem insignificant, but it makes a world of difference to that business owner. Building a business is one of the quickest ways people accumulate wealth, and your financial support — at any dollar amount — will play a part in that.

- Watch this four-minute video to see Robert Reich and a colleague walk through “the why’s” of the wealth gap, and explore what can be done on a policy level to reduce it.
CONCLUSION:
What Women Want
Designing a New Blueprint

Our deep dive into the many research reports referenced in the preceding articles has helped us distinguish myth from reality when it comes to women, money, and personal finance. It’s not that women are better or worse, vis-a-vis men, but that we are different. More importantly, we should embrace those differences and leverage them to our advantage. Let’s remember some of our key findings:

- When it comes to investing, women gain a performance edge thanks to their patience, low-trading frequency, and goal-driven strategies.
- Our money and our emotions are inextricably intertwined. The more we recognize and embrace this, the more our “elephants” (intrinsic motivations) can inspire our “riders” (rational actions), and the more we can harness our emotions for positive change.
- Women aren’t afraid of risk — but their heightened risk awareness leads them to allocate their risk-budget prudently.
- Women make financial decisions in a measured and patient way.
- Women learn best in group settings and are eager to benefit from the wisdom of their peers.
- For women, investing is less about bragging rights than it is about accomplishing goals and reaching life’s milestones.
- Keep it simple, sister — women aren’t seduced by unnecessary complexity.
- Women are more engaged in financial wellness programs that are well-paced, relevant to their daily lives, and presented in clear terms.

Today’s financial institutions were built by and for men, so it’s no surprise that the “norm” does little to reflect the strengths and preferences of women, as described above. What would happen if we flipped the narrative? That is, what if we redesigned the world of personal finance, using the strengths and preferences of women as our starting points? What if those strengths and preferences were seen as the advantage that they are, rather than something the status quo needs to somehow accommodate or tolerate? If we were to create a financial services firm that was designed for and addressed the needs of women, what would it look like?

Until very recently, the industry has kept women away from the table. Now that we have a seat, we don’t necessarily have to do things the way men have all these years. Our ability to listen — truly listen — and engage in meaningful conversation is key. So far, women have been asked to reject or mask their femininity in the workplace,

Conclusion: What Women Want
Avoid unnecessary complexity and speak to our clients in simple, straightforward terms, without condescension or presumption.

Talk about it! Financial advisors are adept and able to focus on the analytics of investments and the number-crunching behind any long-term projection. They must work just as hard to learn about and acknowledge the values behind clients’ financial decisions.

Place expertise and empathy on the agenda in equal measure. Each has a role to play in money matters, and we believe that anyone who focuses on one at the expense of the other is presenting a false choice.

Remember that bringing empathy to the table doesn’t mean Pollyanna will have a seat. However, it does mean that as advisors, we are willing to tackle the tough stuff and ask the important questions with kindness, compassion, realism, and candor. A willingness to engage in crucial conversations — be they difficult, awkward, or celebratory — is an essential ingredient to long-term financial success.

Give clients the education, patience, and support they need — without judgement or condescension — when making financial decisions. Your mother was right; there is no such thing as a stupid question.

In developing a list of guiding principles, we would put these at the top:

- Define successful financial outcomes in multiple ways, not just in terms of financial metrics. That is, success is defined as the accomplishment of one’s goals — achieving one’s heart’s desire, living one’s best life, not solely measuring success by rate of return.
- Collaborate and share wisdom. By doing so we are all more effective, smart, and successful.
- Approach money management from a relational standpoint, rather than transactional. Investors are interesting, complex, and striving human beings — they are not their balance sheets. Talking about the values behind the numbers is crucial for positive financial outcomes and harnessing our emotions can be a powerful tool for positive change.

In the business world, and in financial conversations. Instead, let’s value our insights, derived from our lived experiences, to develop viable business models that can benefit us all.

In a capitalist society, money is power — there’s no getting around that. We deny it to our own detriment. How do we want to wield our financial power? To quote one of our heroes, Sallie Krawcheck, founder and CEO of Ellevest and veteran of Wall Street: “Financial feminism is about women doing four very important things with money: earning it, making more of it, saving and investing more of it, and using it to make our world better. And it’s not just good for us — the more opportunities women have, the better off society is.” What she said!

We will do ourselves a disservice if we avoid getting smart about, recognizing, embracing, or talking about money and how it shapes our lives. Instead, women can recognize and embrace their leadership roles, within their family or on a team at work. In many aspects of our lives — including the financial ones — we can operate in ways that are similar and dissimilar to men. What starts out feeling uncomfortable becomes easier and less fraught over time. While we build skills and confidence, step-by-step, we can lean on each other, collaborate, share wisdom, and ask for help — but the point is to start.

**Invest Like a Woman**

In each of the myths we explored, we made some observations and provided some recommendations. What if we put it all together? What would it look like to “do money” like a woman? When it comes to managing their personal finances, what do women want? If we made women’s unique strengths, concerns, and preferences the norm, what would we see?

In developing a list of guiding principles, we would put these at the top:

- Define successful financial outcomes in multiple ways, not just in terms of financial metrics. That is, success is defined as the accomplishment of one’s goals — achieving one’s heart’s desire, living one’s best life, not solely measuring success by rate of return.
- Collaborate and share wisdom. By doing so we are all more effective, smart, and successful.
- Approach money management from a relational standpoint, rather than transactional. Investors are interesting, complex, and striving human beings — they are not their balance sheets. Talking about the values behind the numbers is crucial for positive financial outcomes and harnessing our emotions can be a powerful tool for positive change.

**Conclusion: What Women Want**
Vote with our dollars and direct our financial support to enterprises, local and national alike, whose brands embrace our values, and whose products and services take women seriously and afford them the respect we all deserve.

Strive to make ambitious women more visible and prominent and highlight ambition in positive terms as “the new normal” — something we aspire to be.

This eBook won’t be revolutionary on its own, but we must start talking about women and money in an unapologetic and unabashed way. For our part, we will continue to address the challenges our clients face, encourage them to venture outside their comfort zone, and empower them to recognize the strengths they already possess, in finance and beyond. We invite you to join us.

Conclusion: What Women Want
About the Authors

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Diane has dedicated her life’s work to helping clients make smart financial decisions. For nearly 30 years, she has implemented investment management and financial planning strategies that allow our clients to create lives that reflect their values. She is also a passionate champion of women. Nothing is more gratifying to her than seeing a client discover, and step into, her financial power.

Diane is one of the foremost experts in facilitating conversations about the non-numerical aspects of money. She has served as a mentor at the FPA Residency Program, contributed to Golden Gate University’s Financial Life Planning program, and participates in pro bono events that provide financial planning to underserved communities. Diane is a Certified Financial Planner Professional™, holds a BA from the University of Wisconsin, Madison, and an MBA from the University of California, Berkeley, Haas Graduate School of Business. She is an inspiration to women in the industry and has played an instrumental role in developing a new generation of female financial planners.

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After completing her degree in psychology at the University of California, Santa Cruz, a career in the financial services industry may have seemed to some an unlikely path. Hallie first provided counseling at Consumer Credit Counseling Service where she worked with clients on a wide range of financial planning topics. Next stop, Merrill Lynch. She created comprehensive financial plans and conducted regular client reviews to analyze and monitor their goals – and converted them into actions steps to ensure success.

Since joining The Humphreys Group, Hallie has continued to build her technical knowledge base while also honing her financial planning skills – providing both expertise and empathy. Working directly with clients inspires her to provide proactive advice to women, helping them to increase their financial stability and preserve their wealth. A path we heartily endorse.
Disclosure:

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There are risks associated with investing. Investing in stocks, bonds, exchange traded funds, mutual funds, and money market funds involve risk of loss. Principal loss is possible. Some high risk investments may use leverage, which will accentuate gains & losses. Foreign investing involves special risks, including a greater volatility and political, economic and currency risks and differences in accounting methods. A security’s or a firm’s past investment performance is not a guarantee or predictor of future investment performance.