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Wealth Management

Women & Wealth: The Gender Question

Do women and men have different investing behaviors? Over the years, many studies have explored potential gender differences in investing, with varying results. Some studies suggest that women tend to be more risk averse or less confident in their investing habits. When compared to males, this may result in more conservative portfolios that yield lower returns; or, in some cases, it may lead to higher returns due to less trading activity. Other studies conclude that a financial literacy gap exists between women and men.

Based on our experience, we have found that there is no "typical" woman investor. However, women share many common life circumstances that can often pose challenges to their wealth accumulation. Here are four factors:

Women can expect to outlive men. The average life expectancy for a Canadian female is 84 years old, compared to 79 years old for a male.¹ As such, women are likely to

require assets to cover their needs for a longer period of time. — in which case, if you wish to equalize your estate for all beneficiaries, how will you manage this?

More women will spend time in caregiving positions. Many women will interrupt their careers to care for children and/or elderly parents. Some of these caregivers are 'sandwiched' between childrearing and caregiving, simultaneously balancing

the demands of young children and aging parents. By spending less time in the workforce, a woman's potential asset base is reduced.

Despite progress, there still remains a gender pay gap.

Women generally earn less than their male counterparts, making around 87 percent of what men earn for similar work.² Lower wages may result in accumulating fewer assets overall.

At some point in time, women will be in charge of family wealth. This is not only due to the fact that married women may outlive their husbands, but there is also a growing percentage of the population that is unmarried, due to divorce or never having married. If a woman isn't currently the primary financial decision-maker, it is likely that she will eventually assume this role.

Despite these challenges, women represent a more powerful economic force today than ever before. In fact, by 2024, Canadian women are expected to hold just as much private wealth as men. The amount controlled by women is expected to reach \$2.7 trillion, more than double the amount held just two years ago.³ One reason for the growing wealth of women? More women hold jobs than ever before. The latest reports show that Canadian women represent almost half of the labour force, an increase of around 30 percent since the late 1970s.⁴ This has been driven by higher participation rates in post-secondary education. Women now account for more than half of full-time students at Canada's universities and colleges. And, more Canadian women have a university-level education than men.⁵

WORKING WITH WOMEN INVESTORS

Recognizing the growing influence of women investors, we are committed to meeting the unique challenges that may be faced in investing. The common circumstances shared by

many women need to be considered when wealth planning for the future. Since women typically earn less than men, a greater proportion of income may need to be saved in order to achieve comparable retirement returns. Or, investing at an earlier age may be important to take advantage of the profound effects of time and compounding. For women who start investing later in life, balancing risk and return considerations through strategic asset allocation may be another consideration. As well, we recognize that the demands that come from balancing a job, household roles and caretaking responsibilities have created enormous time pressures for many women.

As women continue to own and control a greater proportion of wealth, financial education has never been more important. Financial literacy remains one of the keys to achieving financial well-being and it can pay dividends into the future. Discussions about finances with a daughter or grand-daughter should start at an early age. If you need assistance with these important conversations, we have many resources to help.

We understand the unique challenges faced by women in managing wealth and are here to provide support in the pursuit of a healthy wealth-life balance. If we can help in any way, please don't hesitate to call.

1. OECD Economic Survey: Canada, 2016; 2. <https://globalnews.ca/news/5097399/gender-pay-gap-2019-canada-glassdoor/>; 3. <https://www.theglobeandmail.com/business/careers/leadership/article-will-the-transfer-of-wealth-to-women-take-sustainable-investing/>; 4. Statistics Canada, "Table 14-10-0327-01: Labour Force Characteristics by Sex and Detailed Age Group, Annual," (2019); 5. <https://www150.statcan.gc.ca/n1/pub/81-004-x/2008001/article/10561-eng.htm>

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