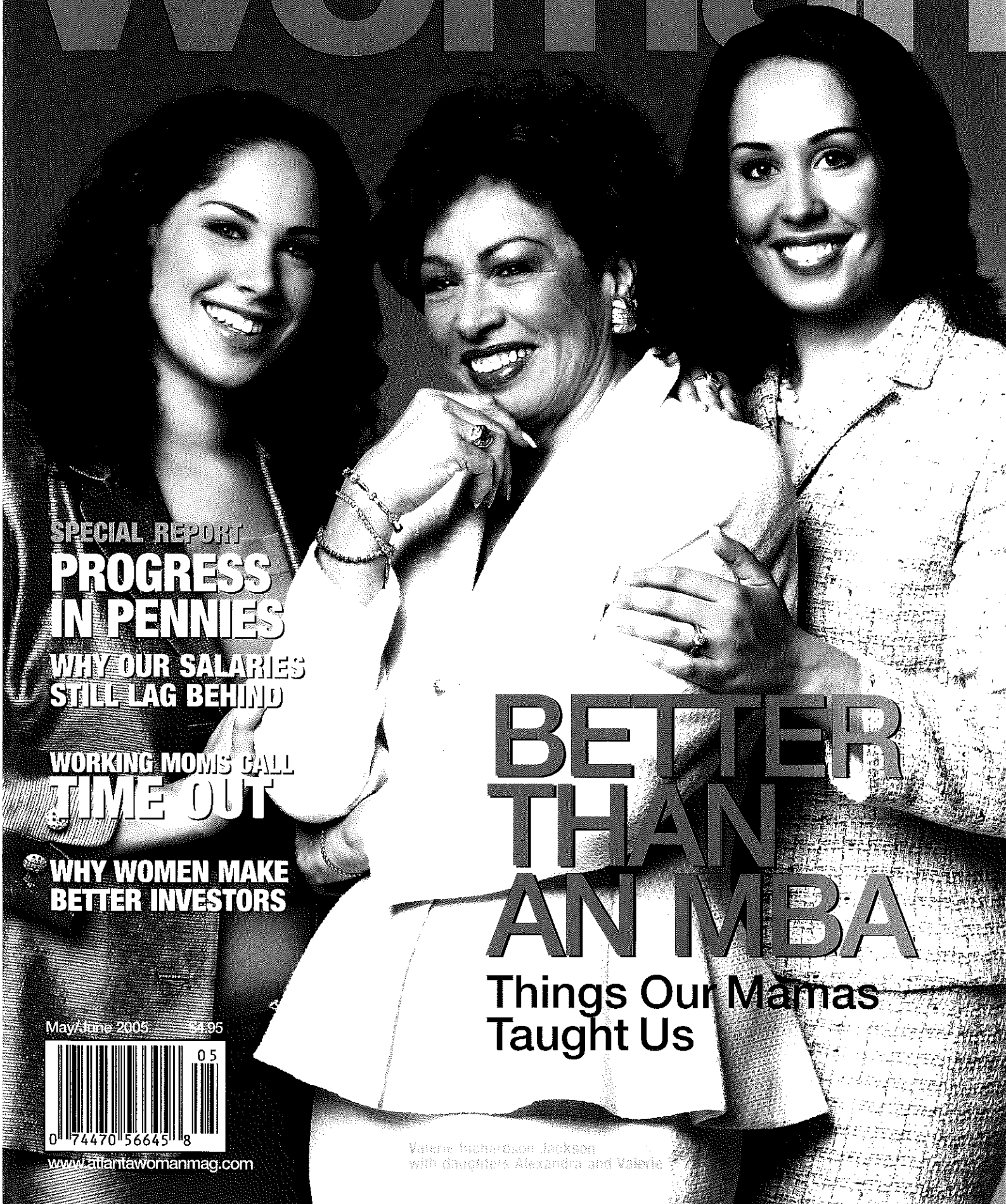


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# woman

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Valerie Richardson Jackson with daughters Alexandra and Valerie



## Women Make Better Investors

That simple assertion is a loaded one. Read on to find out how women think and operate differently when it comes to investing.

by Mary Welch

Once women put their minds where their money is, they often outperform men as investors, according to several academic studies and anecdotal evidence. This notion raises some interesting questions. Do women pick dissimilar investment options and do they trade differently? Should investment counselors approach women differently than men because of these inherent differences? The answers are: yes, yes and yes.

Whether you're a female investor or an investment adviser catering largely to female clients, recognizing and understanding the gender differences is important. Over the next decade, women will significantly increase their wealth through inheritance and by generating it themselves. Currently, women hold about \$4.2 trillion in assets,

according to the Internal Revenue Service. By 2010 that number will more than quintuple to \$22 trillion. And, according to TrendSight Group, a Winnetka, Ill.-based market research company, women will hold half of the Fortune 500's top 20 jobs by that time as well.

"Women do look at investing differently than men do," says Mary Ellen Garrett, a first vice president with Merrill Lynch's Private Client Group in Alpharetta. "Even if the solution is similar, meaning they want the same goals, women approach investing differently. Women do their homework and want to know all the answers to their questions. They are more thorough in their thought processes. They simply won't take your word for it that a particular option is a good one."

Garrett's experiences are consistent with most studies on

the subject, including the industry standard, called *Boys Will Be Boys*. Over a period of six years, Brad Barber and Terrance Odean at the University of California in Davis examined the investing behavioral differences between men and women by looking at 35,000 households' investment records.

They found marked differences between the sexes. Whether the men were experienced and knowledgeable investors or not, they believed that they were, while women exhibited less self-confidence. The study concluded that this male overconfidence yielded two results: First, men traded more than women. In fact, men, especially those who were single, tended to trade excessively — an astounding 67% more than single women. Second, this aggressive behavior didn't work. Overtrading hurt the men's results.

"I do find that women, in general, are less aggressive and less confident," says Garrett. "The more uneducated the man is, or those who just think they know it all anyway, are more aggressive. They put their energy into trading instead of educating themselves like women do."

"Men have a 'just do it' attitude," says Angela Stillwell, a certified financial planner in the Buckhead office of AXA Advisors, LLC. "They make a quick decision without a great deal of research and analysis and move ahead. Women take a lot more time planning and then working their plan."

Emily Sanders, president and CEO of Sanders Financial Management, a Norcross-based financial investment firm, notes that women often preface their questions with such phrases as "This may be a dumb question but ..." while men don't. "Women ask a lot of questions because they want to know everything," she says. "After being in the business for more than 10 years, I am finding that women who were treated as equals and encouraged by their fathers to think for themselves and take risks don't have this type of hesitation. Those women are confident."

The *Boys Will Be Boys* study showed that the average turnover rate of common stocks held by men is nearly one-and-a-half times of those held by women. While both sexes reduced their net returns through trading, men did so by 0.94 percentage points more a year than women. In addition, men turned their portfolios over by 6.4% each month (or 77% annually) while women turned their portfolios over by 4.4% each month (53% annually). "Women typically get better returns over the long term because they are more