Media release

11 May 2016

Gender and financial education a guiding force in investment choices

The spending habits and investment choices of men and women are poles apart, with lessons to be learnt from both sides of the gender equation.

The impact of gender on investment choices is illustrated when men and women are asked how they would spend $100k if they won lotto or inherited a windfall according to the latest data from the BT Australian Financial Health Index.

The data reveals men are much more likely to invest in shares (22 per cent of men compared to 12 per cent of women) and are also more likely to put some of the money towards superannuation (21 per cent of men compared to 17 per cent of women).

Meanwhile, the data reveals women are more likely to invest in high interest accounts and term deposits (42 per cent of women compared to 39 per cent of men) and to use some of the windfall for a big holiday/travel (38 per cent of women compared to 31 per cent of men).

Bryan Ashenden, Head of Financial Literacy and Advocacy, BT Financial Group said the results show there is a positive correlation between women and fixed income style investments like high interest accounts and term deposits, suggesting women are more risk aware.

“While the trend shows men tend to favour exposure to growth assets such as shares,” said Mr Ashenden.

Interestingly, both men and women have similar attitudes to treating themselves to a big purchase such as a car or jewellery, with 18 per cent of both genders identifying it as a way to spend such a windfall.

Of the 4,000 plus 18+ Australians surveyed for the Index 51 per cent of men said they felt financially educated compared to 38 per cent of women.

Further, 20 per cent of women said they ‘disagreed’ with the statement ‘they feel financially educated’ compared to 14 per cent of men.

“It is fair to say the investment choices of men and women can impact the long term performance of their investment portfolios. There is more work to do to redress the balance in financial education so that both women and men are confident to make investment choices that suit their needs and goals,” said Mr Ashenden.

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Bryan Ashenden shares the following finance tips for both men and women:

1. **Take stock.** Do an inventory of all your assets and liabilities, income sources and debt levels.
2. **Are you protected?** There is no point trying to grow your wealth if you are not doing anything to protect it. Check your insurance levels. Are they adequate and will they give you the payout you would need to support you or your family through an unthinkable life event.
3. **Get diversified.** A good investment portfolio has several characteristics, one of them being diversification which means you spread the risk over several investment categories such as property, shares, fixed interest and cash. It is about not putting all your eggs in one basket, so if the sharemarket has a slump or interest rates fall, your investment portfolio can cushion the impact of these with the performance of other investment categories. Other characteristics of a good investment portfolio are the inclusion of good quality investments with consistent performance over the long term.
4. **Contribute to your super.** For many of us, compulsory super is just not going to deliver the retirement lifestyle we want. Proactively contributing money to super over and above compulsory super will not only add fuel to your investment portfolio, but also increase the balance which investment returns are calculated on.
5. **Seek professional advice.** Financial advisers help you identify your financial and lifestyle goals, design a plan, help you stick to the plan, and make changes to the plan if your circumstances or goals change. They can help strip out the impact financial education and gender may be having on your investments.

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