Women & money: How to take charge

Five ways for women to help overcome a lack of confidence about money and investing.

Women can be a bit tight-lipped about money. That's what we learned in our research. In fact, many are more confident discussing medical issues with a doctor than talking money and investments with a financial professional.

"Beneath women's reticence to talk about money lies a lack of confidence in their knowledge of financial planning and investing," says Kathy Murphy, president of Fidelity's Personal Investing. "This lack of confidence is really self-imposed. Our analysis of more than 12 million investors shows that women actually demonstrated stronger saving rates than their male counterparts and enjoyed better long-term investment performance when they did engage.[1] Unfortunately, too many women still hesitate to take control of their finances."

This is worrisome, because 90% of women will have to manage their finances on their own at some point in their life.[2] They may leave the workforce to care for a sick family member, become divorced, or find themselves widowed. Or they may be one of many young adults who are staying single longer and living on their own for longer than past generations. That's why it is imperative for women to have a solid understanding about how to manage money and invest for the future.

1 *Fidelity Investments, "Defining Excellence: Empowering Women to Take Control of Their Retirement," February 2015. Analysis conducted in the U.S.*

2 *"Women in the Labor Force: A Databook," U.S. Bureau of Labor Statistics, 2012.*

Here are five ways that may help you become more financially engaged.

1. Learn at your own pace.
It is not as hard as many women think. Once you have an understanding of investment basics, you'll feel much more comfortable making decisions. The good news: It is never too late – even small adjustments to savings rates or investment plans can have a big impact over time. To help get you started, there are numerous tools, tips, and articles that can help you take your financial knowledge to the next level. Your financial advisor can provide guidance on sourcing these materials.

For basics about mutual funds, visit "*Learning about mutual funds*" on fidelity.ca.

A target date fund may be a good place to start investing. "These funds allow you to start investing in a large swath of the market. They don't require stock-picking knowledge, but give you a way to get your feet wet. Then you start to learn more about other ways to invest," says Murphy.

Other types of funds that may be appropriate for women starting to invest are asset allocation or balanced funds. These types of funds are ideal core portfolio holdings because they provide exposure to equities, bonds and cash. Balanced funds target a fixed allocation of these asset classes, while asset allocation funds adjust the proportions to current market conditions.

Fidelity INVESTMENTS

Your financial advisor can help you choose a target date fund, an asset allocation fund or a balanced fund that's right for you.

2. Participate in programs at work.
Although many employers offer financial workshops and guidance for their workplace savings plans, a Fidelity study in the U.S. shows that 65% of women are not utilizing these resources.[3] Check to see if your employer offers workshops or a one-on-one appointment.

While you are learning more, you'll also want to think about saving as much as you can in your workplace savings account. Look into using an automatic savings program if your employer offers one. If not, consider increasing your contribution whenever you get a salary boost, a bonus, or a tax return.

3. Turn to a pro.
A financial professional can be a valuable resource to turn to with questions. He or she can help you take stock of your current situation, identify what's important to you today and in the future, develop a customized plan, and help you go the distance with ongoing evaluations and adjustments as your needs evolve. Whether you're saving for a home, children's education, retirement, or paying down debt, putting a plan in place is one of the best ways to ensure that you'll have the money you need. Once you have your financial plan in place, be sure to check in at least annually to make sure that your investments stay on track.

When choosing someone to work with, look for a good listener who communicates clearly about fees, professional designations, and investment advice. Sit down with the person before you make a commitment to make sure you are comfortable with him or her. Word of mouth can help, too: Consider asking a friend or family member if they have someone they like.

4. Find a financial friend.
Even though it may feel a bit awkward at first, discussing financial matters with a trusted friend, family member, or mentor may make tackling financial goals less overwhelming. In the same way that "gym buddies" keep each other motivated, financial confidantes can help both parties make progress and hold each other accountable. Your financial friend can even be your spouse or partner.

"In a committed relationship, money should never be a taboo subject," notes Murphy. "You don't need to be equally engaged day to day if you don't want to be, but you should have regular conversations – annually at the bare minimum – and establish a core understanding of your savings, investments, and goals."

3 Fidelity Investments, "Defining Excellence: Empowering Women to Take Control of Their Retirement," February 2015. Analysis conducted in the U.S.

Exhibit 1 How women feel about financial matters

Source: Fidelity Investments Money FIT Women Study, February 2015.

5. Go online.
Seek out other women who are looking to be more involved in their finances. One way is through bloggers and social media, as well as experts providing insights and guidance. For instance, Kathy Murphy shares her perspective on life and money in her *LinkedIn Influencer series*.

A growing number of women are writing about investing online. "Too many of us get stuck in the couponing and penny-pinching aspects of finances," says Miranda Marquit, a financial journalist. "Those things are important, but so is building wealth for the future through investing." She suggests following investors and investing companies on Twitter, and getting involved in online communities to connect with other women who invest.

Start now
"Women are more capable than they often give themselves credit for, and the same discipline that makes them dedicated savers can also be applied to investing," says Murphy. "The key is to take action now to ensure that your money is working just as hard as you do, so you can achieve the goals and live the life you deserve."

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