

Lessons from the investment habits of high net worth women

As South Africa celebrates Women's Month, Sonja Steyn, Head of Wealth Management from Momentum Consult shares her thoughts on the investment gender gap and reveals what sets high-net-worth women apart from their male counterparts when it comes to financial planning and investment habits.

19 August 2020: Last year, Global investment house FlexShares conducted an [Executive Investors survey](#) of primary household breadwinners, which found that high-net-worth (HNW) men and women defy traditional gender stereotypes when it comes to their investments and appetite for taking risks.

The investment risk appetite of men and women were revealed as quite similar with only 26% of women and 27% of men considering their risk profile to be “moderately aggressive” or “aggressive”. Although the majority in both sexes consider themselves to be more conservative investors, Steyn says in her experience South African women are generally even more conservative than their male counterparts, suggesting that a deeper engagement is required to encourage women to take more risk to grow their wealth.

“But, women are -very diligent regarding long-term wealth creation especially towards saving for retirement and children’s education,” she says.

When asked what sets South African high-net-worth women apart from high-net-worth men, Steyn says women generally consider broader engagements with all stakeholders thoroughly and generally have a more holistic and understanding view, preventing possible blind spots.

She says one only needs to look at how many countries, led by women, have navigated the current COVID-19 pandemic successfully thus far. “High-net-worth women are generally more driven as they have needed to fight their way up the corporate ladder. They understand and manage their financial and investment decisions with a lot of confidence and knowledge. This is particularly important in these unpredictably precarious times.”

When it comes to unpredictability, the FlexShares survey revealed that a top goal for women was “to know that I’m prepared for the worst”, which came out at nearly 69%. Steyn says, “In my experience women tend to manage their risk more carefully. We like to know that our money is working for us and any actions clearly aligns with our investment goals. While this does differ from person to person, we do find that women are generally more focused on preparing for the worst.”

From planning for the worst to planning for the future, the survey showed that women were also most concerned with planning for retirement. Steyn believes high-net-worth women tend to excel at this. “They tend to avoid the temptation to engage in risky investments. But there is still a risk of wealth destruction when parties separate or divorce. Although high-net-worth women tend to have the necessary agreements and contracts in place to avoid this.”

In her role as Head of Wealth Management, Steyn has noticed a shift in the type of advice her high-net-worth female clients are seeking. She says that there is definitely a growing number of professional and entrepreneurial women creating more wealth and building profitable businesses. “Financial advisers, and advice businesses in general, have to be aware of the needs of these financially successful women, both professionally and in their personal lives and provide advice that caters to both.”

In addition to this, women also have a strong need to focus on protecting and providing for their children in the event of death and securing their educational future in an ever-competitive commercial world. “Our female clients have become more focused on planning

for the future as well as life's eventualities, so wills and estate planning have become a lot more prevalent."

According to the most recent Momentum/Unisa Household Financial Wellness Survey, most South African women unfortunately continue to have little control over their income in many households. Although they are exposed to day-to-day budgeting, they are more inclined to leave long-term financial planning and issues to their partners. However, in most high-net-worth households, Steyn has noticed that there is far more collaboration when it comes to who controls the personal finances. "The real difference with the high-net-worth women I speak to is that they are more empowered to take charge and that is always the first step to owning your success.

"The old adage of money being power is as true for couples as it is for corporations and countries. When control of the money is shared, money loses its power in the relationship and becomes a tool in a shared journey to success," she concludes.

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