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WealthWisdom

Women & Wealth: The Gender Question

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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.[1] Compared to men, this may result in more conservative portfolios that yield lower returns, or, in some cases, higher returns due to less trading activity.[2] Other studies highlight 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 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 around 84 years, compared to 79 years for a male.[3] As a result, women often need additional assets to support their longer lifespans.
- **Women are more likely to take on caregiving roles.**[4] Many women interrupt their careers to care for children and/or aging parents. Some find themselves in the "sandwich generation," balancing the demands of raising young children while supporting elderly parents. These career interruptions can reduce time in the workforce and limit a woman's ability to build financial resources.
- **The gender pay gap persists.** Despite progress, women still earn approximately 90 percent of what men earn for similar work.[5] Lower wages can significantly impact a woman's ability to accumulate wealth.
- **Women are likely to manage family wealth at some point.** This is partly because married women may outlive their husbands due to longer lifespans. Additionally, there is a growing population of unmarried women, due to divorce or never having married.[6] Even if a woman is not currently the primary financial decision-maker, she is likely to assume this role in the future.

FOOTNOTES:

1. sciencedirect.com/science/article/abs/pii/S0167268111001521
2. ft.com/content/564bc758-1f45-4937-9406-6ad2d4ee48f7
3. Latest data reported for 2021, https://data.who.int/countries/124
4. statcan.gc.ca/o1/en/plus/2649-more-half-women-canada-are-caregivers
5. statcan.gc.ca/o1/en/plus/4823-women-labour-market-increased-potential-pay-and-participation; canada.ca/en/employment-social-development/news/2023/09/statement-by-minister-oregan-on-international-equal-pay-day.html
6. cbc.ca/news/politics/canada-changing-households-military-1.6519440; sunlife.ca/en/tools-and-resources/health-and-wellness/living-in-retirement/starting-over-after-a-late-life-divorce/#;

The term *"shecession"* was coined to describe the disproportionate economic impact that recessions or economic downturns have on women compared to men because of these factors. It gained prominence during the COVID-19 pandemic, which highlighted gendered disparities in job losses, systemic challenges such as unequal pay, limited access to affordable childcare and a lack of workplace policies supporting work-life balance.

Despite these challenges, women represent a more powerful economic force today than ever before. By 2028, Canadian women are expected to hold as much private wealth as men, controlling an estimated $4 trillion in assets — nearly double the amount controlled today.[7]

One reason for the growing wealth of women? More women are in the workforce than ever before. Recent reports show that Canadian women represent almost half of the labour force, an increase of around 30 percent since the late 1970s.[8] This shift 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. Additionally, more Canadian women have a university-level education than men.[9]

Raymond James: Working with Women Investors

Recognizing the growing influence of women investors, we are committed to addressing the unique challenges women face in investing. The common circumstances shared by many women must be carefully considered when planning for future wealth. Since women typically earn less than men, a greater proportion of income may need to be saved to achieve comparable retirement outcomes. Starting to invest at an earlier age can be particularly important to take advantage of the profound effects of time and compounding. For women who start investing later in life, balancing risk and return through strategic asset allocation may be another consideration.

We also recognize the time pressures that come from balancing a job, household responsibilities and caretaking. These demands often leave women with limited time to focus on financial planning.

As women continue to own and control a greater proportion of wealth, financial education has never been more critical. Financial literacy is one of the keys to achieving long-term financial well-being and this can pay dividends far into the future. Conversations about finances with daughters or granddaughters should start at an early age. If you need assistance facilitating these important conversations, we have many resources to support you.

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

FOOTNOTES:

7. financialpost.com/news/women-inherit-trillions-great-horizontal-wealth-transfer
8. Statistics Canada, Table 14-10-0327-01: Labour Force Characteristics by Sex and Detailed Age Group, Annual,; https://www150.statcan.gc.ca/n1/daily-quotidien/240308/dq240308a-eng.htm
9. desjardins.com/content/dam/pdf/en/personal/savings-investment/economic-studies/canada-women-employment-earnings-wealth-march-7-2024.pdf

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