



Retirement Estate Assets Protection Planning

The truth is women make better investors. Here's the reason why

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In today's world, the role of a women has undergone a sea change compared with yesteryears and is making its greatest impact in society. Earlier a women's contribution to society was limited and controlled by men. However today, women are standing tall and playing a major role in various arenas like politics, defense, sports, IT, finance, business and law. Given this changed world, financial equality and independence is imperative for women and more so for the ones who are seeking to have a life ..

Thus, being cognizant of the importance of investing and possessing the right investing skills is key, be it for a homemaker, or a professional or an entrepreneur.

However in reality, the narrative here is very different when it comes to women investing, as the stereotype belief still runs that men do the investing and women usually do the saving bit. Besides women are perceived not just unwilling to invest, but are also less aggressive than their male counterparts.

When it comes to investment or personal finance planning spectrum, most women still rely on their husbands/father to go about their investments or financial plans.

Several studies have shown that women's portfolio outperform their male counterparts because of the inherent qualities that women possess by nature, that differentiates them from male investors in their approach of investing. Women are usually more risk conscious, willing to acknowledge and research what they don't know and and 'slow and steady wins the race' broadly sums up their investment approach.

They would generally prefer to participate in safer and less volatile investments with consistent track records.

Besides women have more long-term investment perspective than men and hence trade less frequently. Today, it's important that we change this old school of thought and

try and understand the importance of investing more profoundly from a woman's standpoint.

Why should a woman look at investing?

First and foremost, it's important for women to be able to achieve a sense of financial equality and independence. Women need to acknowledge that managing one's own and the family's finances is not rocket science. It can be mastered with a little bit of patience, effort and an open mind. Women should not shy away from holding and operating bank accounts, trading accounts, demat accounts and holding assets in their own name. If a woman is earning less or thinks 'she doesn't possess the aptitude for investing, she can start with a small systematic investment plan. In fact investing is one of the best ways for women to ensure that they have the potential to accumulate the same amount of wealth as men.

Investing is unarguably one of the best tools for a woman to accomplish her financial goals which may vary from sending your kids to school/college, a holiday, save up an emergency fund, saving for a large expenditure such as buying a house or for a wedding, saving for retirement or just grow your overall wealth .

As we know, to draw an everyday parallel, most of the women would go to great lengths to plan a balanced diet for their family and ensure the physical wellbeing of their families. Having a well-balanced savings and investment portfolio, is also equally crucial in ensuring one's own and the family's financial wellbeing.

Savings and investment are indeed two parts of the same coin. As a thumb rule, a typical household should try and save about 25-30 per cent of income. But it does not end there, savings stashed away under mattresses will earn nothing, and their value will erode over, as inflation reduces purchasing power.

Similarly, savings invested in physical assets like gold will appreciate over time, but will provide no returns in the interim. Consequently, it is important to ensure that one's savings are invested in a well balanced portfolio.

This brings us to what can be succinctly put as the three Ps of Investing.

Investing for Protection: Life insurance policies are important to protect a family's income in the event of death of the women irrespective of whether she is a home maker or a professional. It is also important for women to invest in protection products to meet unforeseen contingencies. This would primarily entail purchase of health insurance to cover potential illness and hospitalization costs. It may also be prudent to have coverage against terminal illness, in case one's ability to work is permanently impaired

Investing for a Purpose: The second tenet of investing stands for investing with a purpose or goals based investing. The goals may range from one's retirement to children's education or planning for large ticket purchases. A woman needs to understand the power of compounding, the earlier she invests, the more wealth she can accumulate to achieve her goals.

Investing in the right product: Finally, it is important to choose the right product depending on one's risk appetite, goals and time horizon. A long term goal is best met with investment in equities while a short term goal may be met through investment in debt funds. One can also allocate a small portion of their portfolio to physical assets such as gold which may be held through gold bonds which also pay nominal interest. More importantly, it's important for a woman to remain committed to her investment strategy and not panic to drops in investment values which are usually in a constant state of flux.

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<https://economictimes.indiatimes.com/markets/stocks/news/the-truth-is-women-make-better-investors-heres-the-reason-why/articleshow/74534850.cms>

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