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FINANCIAL PLANNING FOR WOMEN
FUNDAMENTALS OF
INVESTING

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(Part 2)

Financial Planning For Women:

FUNDAMENTALS OF INVESTING (PART 2)

Ladies we can do it too

There's no better time than now for women to take charge and make better choices of their financial life.

The hard truth

If you feel these financial stuff isn't your cup of tea, I do hope you might reconsider this perspective. Why? Because whether we would like to accept it or not, the hard truth is, you will at some point be the only money manager in your household either because you're single, divorced or widowed.

So, yes, you can invest as well, and interestingly, investing isn't just a man's game and the reason is because, financial equality and independence are just as important for women. Although, investing priorities between men and women may differ.

Opportunity costs and prevailing concern

Investing is one of the best ways to build wealth. By keeping too much cash (which most women do), you are missing out on years of healthy returns that could have potentially benefited you in the long term. However, the net effect of not staying invested or the opportunity costs, ladies, can be painful.

According to a new study by Merrill Lynch and Age Wave¹, women are less confident in their ability to manage investments than men. Just over half of women (52%) told the researchers they had that confidence while over two-thirds of men (68%) felt strongly about their investment abilities. The study found this lack of confidence as part of the worry women have about their futures.

On a lighter note, according to OCBC's survey of 2,000 working adults in Singapore², women who do take the plunge outperform men when it comes to investment returns.

Eight Essentials / Fundamentals of Investing

Investing isn't as complicated as what most of us would suppose. Though, we would need to ensure financial jargons don't affect one's confidence to invest. Adding, from these studies and findings, it does help to relook at how investing is viewed and approached. With this at heart, here are some personal tips to help with:

- **GET INTERESTED AND TALKING**

It will help boost your confidence and overcome the fear of investing. Don't be afraid to ask questions and expect to be spoken to in a language that you understand (demystify those jargons).

- **GET INFORMED**

Never invest in something you don't understand. Being aware of who you are as an individual and what investing philosophy suits you is important. As long as you stick to doing things within your understanding and strengthening your competency in areas that matter, you tend to make better investing decision - and you will do just fine.

- **GET STARTED EARLY**

As Paulo Coelho says, "Fortunate are those who take the first steps." Stop sitting on the fence; there are no reasons for women to shy away from financial literacy and proficiency. It's important for everyone to consider investing, the earlier you start, the more years you invest for, the greater the potential for your investments to grow. Time is the biggest factor when it comes to investing.

- **DIVERSIFICATION**

Besides setting aside your emergency fund, you will have to balance the priorities of savings, investing for income and capital gain, manage the level of leverage in portfolios and focus on long-term goals. Investment portfolios should be adequately diversified with uncorrelated asset classes (for example, gold versus risky assets), sufficient cash, avoid concentration risks (such as over-allocation into a single security which may underperform) and provide geographical and sector diversification.

- **GET INTO REGULARITY AND CONSISTENCY**

It's great to get into a practice of regular investment contributions, that often prove to be far more effective in building your wealth compared to occasional lump sums. This way, you don't have to worry about timing your investments in the market.

- **STAY THE COURSE, STAY STEADFAST**

Always focus on long term. Wealth building is a marathon and not a sprint. So if you can focus on investing for the long term and ignore the ups and downs, you are likely to be a successful investor.

- **DON'T PANIC, TRUST YOURSELF**

Remember that investments will go up and down and that the future is uncertain. In periods of high volatility, your investments can fluctuate a lot. But, remember you are in for the long run, don't react to every market movement. Keep your emotions in check and remember women make good investors!

• BE PATIENT

It is said that patience is a virtue. And in investing, it may be one of the hardest learning points to digest. However, even though being patient isn't as satisfying as instant gratification, when this attribute is cultivated, it has the potential to reap bigger rewards.

That being said, you got this! Let's help one another build our confidence in taking charge of our financial well being based upon these fundamentals of investing. Men, you are welcome too!

¹<https://agewave.com/what-we-do/landmark-research-and-consulting/research-studies/women-and-financial-wellness/>

²<https://www.businesstimes.com.sg/banking-finance/money-playbook/how-women-can-take-charge-of-their-financial-well-being>



ABOUT THE AUTHOR

BERNICE LEE IS A LICENSED FINANCIAL PRACTITIONER AND AN ACTIVE MEMBER OF IFPAS. SHE HOLDS THE CHFC®/S DESIGNATION.