

RETIREMENT CHECK-UP



ANNE ARUNDEL
COUNTY PUBLIC SCHOOLS

Women as Investors

Your approach to retirement can vary greatly depending on one key factor: your gender. In general, studies have shown, that women tend to approach investing more conservatively, while men tend to invest more aggressively.

You should make the choices that are best for you when it comes to saving for retirement. If you are a woman – and the majority of Anne Arundel County Public Schools' workforce is female – consider the following as you are investing in the AACPS Supplemental Retirement Program (SRP).

Education Is Power

Perhaps the single biggest step you can take – whether you are a man or a woman – is to learn more about investing basics. As a school system, who knows better than the AACPS workforce the importance of learning all you can.

AACPS' three SRP providers all have information available on their websites to help investors learn the basics or refresh their knowledge.

- Lincoln Financial has a detailed section called Investing 101, which includes definitions and explanations of investing basics, as well as planning resources. Anyone can access this area – even if Lincoln is not your SRP provider – by clicking this link: <https://www.lfg.com/public/individual/planyourfinancialfuture/understandinvesting/investingbasics/investing101>
- VALIC's Financial Overview section has general savings information, including videos. VALIC clients can also register to participate in an educational seminar. To access VALIC's Financial Overview section, visit this link: https://www.valic.com/overview_3240_422600.html.

- Voya's Investor Education section contains some investment highlights and helps you link to a financial advisor to answer your questions: <http://investments.voya.com/Investor/index.htm>.

In addition to the SRP provider websites, you can find great information catered to educational professionals on the 403(b)Wise (<http://www.403bwise.com/>) and the 457(b)Wise (<http://403bwise.com/k12/content/18>) sites.

Once you educate yourself about investment basics, your comfort level with investing should increase.



Patience and Practicality Are Key

With the stock market, investing over the long-term generally produces greater success than jumping in and out. Women tend to wait out losses, while men more readily drop a stock when it doesn't perform at the rate they feel it should.

"Women are more likely to give their investments time to grow," said Abigail Sussman, assistant professor at the University of Chicago Booth School of Business (Source: U.S. News & World Report). "This is important because checking returns and acting on short-term fluctuations in stock performance leads to negative outcomes."

A study conducted at the University of California, Berkeley (<https://faculty.haas.berkeley.edu/odean/papers/gender/BoysWillBeBoys.pdf>) found that men traded 45% more often than women did. The frequency in trading can be seen as a knee-jerk reaction to loss, and also can reflect the belief by some men that they can "beat the market." However, transaction costs and poor market timing led overall to men's annual returns being 1% lower, compared to women's returns (Source: Business News).

Additionally, women tend to do greater research and seek out the advice of financial professionals before making investment decisions, while men generally prefer independent decision-making (Source: The Week).

Consider Risk and Reward

Risk tolerance is another area where men's and women's investment styles tend to differ. Men generally are more likely to take greater investment risks. According to a study from an online brokerage firm (<https://www.betterment.com/resources/investment-strategy/behavioral-finance-investing-strategy/data-suggests-women-are-better-behaved-investors/>), men are more than twice as likely as women to invest 100% of their savings in stocks, which is a much more risky strategy than diversification. Men were also six times more likely to make 'big bets', changing their portfolio from 100% stocks to 100% bonds and vice versa, which is akin to betting everything on black at the roulette table (Source: Business News).

The results of this investment strategy are mixed: with great risk, comes the potential for great reward. But great risk can also lead to great loss.

Industry analysts say that, when it comes to investing, some risk is necessary. By selecting only options that are considered safe – savings accounts and bonds – women who don't take investment risks miss out on potential revenue growth.

Use the SRP to Supplement Your Retirement Savings

Saving for retirement is a lot like a three-legged stool: It's made up of your pension, Social Security income and SRP savings. You have the greatest control when it comes to your SRP savings. If you are not currently saving through the SRP, consider enrolling today. It's never too late to start saving.

Other Considerations

Women have some unique considerations that may affect their investment strategies. Women in all age groups still live slightly longer than men, so making your money last through your retirement years is important. Additionally, women, more than men, tend to be caregivers for both parents and children, which affects when women retire and how they spend money in retirement.

The good news is, a financial planner can help work with you – whether you are a man or a woman – to develop a strategy for your long-term financial goals, including your retirement dollars. Depending on your AACPS SRP provider, some financial planning services are free and included in your plan participation. Contact your SRP provider to discover the services available to you. Don't be afraid to ask questions and get the answers you need to be successful in saving for the future!

