Do Women and Men Invest Differently?

Several years ago, a book titled *Men Are From Mars, Women Are From Venus* was quite popular. As the title suggests, the book argues that men and women are vastly different from each other, particularly in their emotional needs and in the way they communicate. While not everyone agrees with the notion that men and women might as well be from different planets, most of us would probably concur that the two genders frequently behave differently — and this divergence in behavior may also show up in the way we invest.

In fact, various studies and anecdotal evidence suggest the following differences in the way men and women invest:

• **Men tend to trade more often than women.** Men seem to buy and sell investments more frequently than women. This difference could result in an advantage for women investors. For one thing, those who trade less often may incur fewer commission charges, fees and other expenses, all of which can eat into investment returns. Also, by holding investments longer, women may be able to take better advantage of market rallies. During the 2008–2009 financial crisis, for example, men were more likely than women to sell shares of stock at market lows, which led to bigger losses among male traders — and fewer gains when some of the stock values began to rise again, according to a study by Vanguard, a mutual fund company.

• **Men may be more optimistic about the financial markets.** Some studies show that men are more optimistic about key economic indicators and future stock market performance. Optimism can be a valuable asset when it comes to investing: If you have confidence in the future, you’re more likely to invest for it, and to continue investing. On the other hand, false optimism may lead to overconfidence, which can have negative results for investors.

Neither men nor women have a monopoly on positive investment behaviors; each gender can probably learn something from the other. Ultimately, of course, it’s your decision making, not your X or Y chromosomes, that can determine your ability to make progress toward your long-term goals — so educate yourself about your choices, and get the help you need from a financial professional, as you invest through the years.

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