



Press release

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Safer sex: women prefer less financial risk than men

When it comes to investing, women are generally less tolerant of risk than men, and in just one in six UK couples will it be the female who is the bigger risk taker, according to new data. Risk profiling firm FinaMetrica is warning advisers to act in the best interests of both partners, not just the man's.

According to FinaMetrica data, in 64% of UK couples, men have a higher tolerance for financial risk than their female partners. Where there is a material difference in their risk tolerance levels, in 87% of cases it is the man who is the risk taker.

"Our data shows with five out of six couples, men tend to favour riskier investments, while women typically have more conservative tastes," said FinaMetrica co-founder Paul Resnik.

"Advisers must consider the risk preferences of each person in a couple in giving investment advice – and shouldn't ignore the needs of the less risk-tolerant partner, who is usually the woman. Still today, financial advisers often skip the process of separately assessing a couple's risk tolerance and either apply the male's risk tolerance in determining a financial plan or superimpose their own preferences on the couple," Mr Resnik said.

"This is dangerous practice. Not only is it risky legally for an adviser to ignore the needs and preferences of one or both partners, but it is ethically wrong. Each partner is an individual and likely to have different financial goals and needs and probably, as FinaMetrica data reveals, risk tolerance.

"These differences need to be considered. This means that when advisers are dealing with a couple and developing a financial plan, they need to take into account the needs of both partners and, just as importantly, set aside their own beliefs and values."

Mr Resnik said a good risk tolerance test would take as little as 10 minutes to complete yet the benefits were numerous. Taking the test often empowers each person in the couple to become more involved with decisions about their financial future. It could also help to make the couple's relationship, as well as the relationship with their adviser, more transparent and stronger.

"This could lead to longer-term tranquility and satisfaction as each person becomes empowered by their involvement with crucial decisions about their future. The key to a more harmonious relationship between a couple and their financial adviser is the informed consent of each to the risk in their financial plan. This will help engender trust in the adviser, as he or she actively seeks a couple's input in developing a financial plan. This can pay big dividends for the couple and the adviser," Mr Resnik said.

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About FinaMetrica

FinaMetrica specialises in risk tolerance and risk-related matters. The FinaMetrica risk profiling system is based on a psychometric test of personal financial risk tolerance. Psychometrics, a blend of psychology and statistics, is the scientific discipline for testing attributes such as risk tolerance. Launched in 1998, the system is used by than 5,500 advisers in 23 countries in seven languages. More than 700,000 risk tolerance tests have been completed. The FinaMetrica system enables advisers to make valid and reliable assessments of their clients' risk tolerance, incorporate those assessments into the financial planning process and explain risk more meaningfully. More information: www.riskprofiling.com