



NEWS

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Men Prefer More Risk Than Dames

FinaMetrica data reveals tension in couple's risk preferences

Sydney, Australia (March 8, 2016) – When it comes to investing, women don't fancy as much risk as their male partners - in just one in six couples will it be the female who is the bigger risk taker, according to data from suitability expert FinaMetrica, which is warning financial advisers to act in the best interests of the female investor in a couple, as well as the man, on International Women's Day.

According to FinaMetrica data, in 65% of Australian 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 82% of cases it is the man who is the risk taker.

“Our data shows that 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.

“The important point is that financial 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.

“Financial advisers often skip the process of separately assessing each member of a couple's risk tolerance and either apply the male's risk tolerance in determining a financial plan or, presumptively, superimpose their own preferences on the couple, which fundamentally fails any suitability test.

“Any differences between male and female risk preferences must be considered in investment recommendations so they meet the often different needs of each partner in the couple. It's not unusual, for example, for females in couples to be several years younger than their male partners. This presents a significant challenge about how to communicate and advise a couple when the female not only has a lower tolerance for risk but needs her investments to last longer,” said Mr Resnik.

A good risk tolerance test can take as little as 10 minutes to complete yet reveal important details.

“Taking the test, and reviewing how they differ from the other million who have taken 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 helps engender trust in the adviser, as he or she actively seeks a couple's input in developing their financial plan. Everybody's a winner when women's individual needs are recognised,” Mr Resnik said.

About FinaMetrica

Advisors rely on FinaMetrica's award-winning risk profiling process to help clients stay invested and achieve their financial goals by delivering suitable investment advice. Launched in 1998 and proven through market cycles, FinaMetrica is used by thousands of leading advisors around the globe to scientifically assess their clients' risk tolerance, incorporate those assessments into the financial planning process and frame expectations more realistically. Around one million FinaMetrica risk tolerance tests have been completed to date. For further details visit www.riskprofiling.com

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