



## Typically Boyish and Socially Unacceptable

By Robert P. Seawright

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When I was a teenager, the girls had a phrase they used often to describe certain members of the opposite sex: “typically boyish and socially irresponsible.” Sadly, the two were often synonymous. Sadder still, the same can apply to married men and their finances, particularly as they age.

Advisors who work directly with individual clients know that women generally take many fewer financial [risks](#) than men, at [all ages and across all ethnicities](#). They are simply much more risk-averse. Thus, women’s investment portfolios tend to be much more [conservative](#), both in general [and](#) with respect to their retirement [funds](#). Interestingly, [couples](#) take on [much more risk](#) (at a level close to that of single males) than single women in similar circumstances.

Such risky behavior by couples can be explained by the fact that husbands disproportionately make household financial decisions. Fully 55% of husbands say they make the financial decisions, and 45% say that such decisions are made jointly with their wives, while only 4% of wives say that they make the money choices, according to one representative [study](#). This disparity is particularly pronounced among older generations and among the more affluent.

To make matters worse, the disparity increases when stress is involved. [Research](#) shows that men under stress are more likely to engage in risky behavior while women under stress tend to moderate their behavior.

Women are far more likely to protect themselves with long-term care [insurance](#) and [annuities](#) (which provide guaranteed income for life). Yet despite their [attractiveness](#), these products are by no means hot commodities, and it isn’t hard to see why. Nearly every experienced financial advisor can recall multiple instances of nervous and worried wives going along with their husbands’ aggressive investment plans despite serious misgivings. (One such story is offered by Wharton Professor David Babbel [here](#)).

Financial insecurity is a particular problem among the elderly, especially among [senior women](#). Nearly 22% of older women and 15% of older men live in poverty. While it is possible that excessive investment [caution](#) causes this poverty among senior women, an insufficient exercise of care – probably by male decision-makers – is likely a far bigger contributor to the problem. There is good [evidence](#) that, partly due to their lower-cost,



more-passive approach, women investors achieve better returns than men, especially during a crisis, because women are far more likely to insure against the risks they face. Risk aversion allows an investor to keep a [level head](#) and make good decisions.

On account of demographics, male financial control and the disparity in risk tolerance by gender have a disproportionate and unfortunate impact upon women. The average husband is [2.3 years older](#) than his wife, but women at retirement age can expect to live about [three years longer](#) than men of the same age. Thus, [roughly half](#) of all women aged 65 and above are widows, and widows outnumber widowers [five-to-one](#).

Because of the risk disparity, male financial control and demographic realities, that is, widows are frequently left in far riskier circumstances than they are comfortable with, and they are far too often left to bear the unfortunate costs of their late husbands' imprudent mistakes. These costs include poverty, becoming a burden to children, and the bitterness that often emanates from those they are forced to rely upon.

A long-time financial advisor I know once recounted meeting with a couple about retirement planning and encountering (typical) resistance from the husband to obtaining guaranteed income and long-term care insurance. The advisor looked him straight in the eyes and asked a question he often asks in such situations: "*Why do you hate your wife?*" That may seem like a shocking and perhaps offensive question, but it got through to the man.

Such questions should be asked with regularity. Husbands who love their wives should take much greater care to consider their wives' feelings and likely future circumstances and, as a consequence, take on far less risk in retirement planning. Doing so is the socially and personally responsible thing to do.

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