

How Women can Enhance Family Finances

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Americans have been through a lot. Not only have we suffered our current economic mess, but also the not so long ago tech wreck. There is one common thread that connects them. Men were in charge of the money, not only in its professional management, but privately as well. In the average American household men make the investing decisions 3 to 1 according to a [2006 poll](#).

Obviously, we need a new approach, one that limits the downside. Surprisingly, evidence suggests that the answer is closer to home than either gender realizes. Simply include female partners when making investment decisions.

This is why. Women have basic decision making characteristics that differ from men. By themselves, they are neither better nor worse than men, just different. But, when combined with men's opposing traits, they are complimentary. This means that male weaknesses are attenuated and strengths are enhanced. The reverse is also true.

Specific phylogenetic traits that differ between women and men are her caution compared to his tendency toward risk taking; her verbal problem solving approach versus his action based inclination; her focus on the long term in opposition to his shorter outlook plus her intuitive versus his analytical approach. This means she is more likely to be cautious, approach a problem by talking about it, focus on the long term picture and intuitively knows when there is an unresolved issue. He, on average, will take more risks, solves problems by taking action, works with shorter term goals in mind, and is less likely to perceive an inherent problem. Therefore, when the female point of view is added to or mixed with the male perspective, a more balanced decision is achieved. When money making is the goal, through market lows as well as highs, the female equilibrium adds stability to financial decision making. It neutralizes. In harsh times, such as we are experiencing now, this approach can be especially important.

Studies support this point of view. Mixed investment clubs make more money than single sex ones notes E. Brooke Harrington in [Pop Finance: Investment Clubs and the New Investor Populism](#). This may be, in part because [men trade more than women](#), thereby incurring trading costs, which reduce their return compared to their female counterparts. Additionally, a [mix of opinions strengthens problem solving](#).

What scientific research shows works in our portfolios, diversification, hasn't been practiced in its management, either professional or personal. Both are male dominated.

By working alone, men and women are not able to exhibit their full strengths because they don't have balance from the opposite sex. But, by working together, they do. The interplay of gender traits

improves decision making ability, which leads to more solid investment decisions.

The message here is that in private households women should be adding their inherent decision making skills to their male counterparts when making investment decisions. Evidence suggests that the interaction of one gender with the other would lead to stronger choices that would help lessen loss of money going forward.