



Cube
Advice
CONSULTING

www.cubeadvice.com

Newsletter

- Aug 2016



5 Myths about Women and Money.

South African households are more likely to have a female breadwinner and research shows women are better at money management than their male counterparts.

Who says money is the realm of a man's world? It's time to break those stereotypes.

Myth: Women leave finances to men

Fact: Women run South Africa's households

Women are largely responsible for the managing of their family's day-to-day finances and are more likely to make financial decisions that will affect the future of their families.

In South Africa around 50% of working mothers are single moms, which means that they are the primary breadwinner and solely responsible for the household finances.

Eighty percent of married women during their lifetime will, at some stage, manage the family finances. This is due to our high divorce rate and the fact that women outlive men on average by seven years, so most women will find themselves either divorced or widowed.

Action: The more educated you are about money and investments, the better the money decisions you will make. Own your role as the household's money manager and work with a financial adviser to plan for your family's future.

Myth: Women are conservative investors

Fact: Women invest in what they understand

Surveys show that women tend to invest in lower risk assets, such as cash and property and tend to avoid investing in the stock market. While this suggests that women are more conservative, what it actually reveals is that women only invest in assets they understand – a philosophy they share with investment guru Warren Buffet.

Women want to understand what they are doing so that they can feel confident about their decisions around their investments. Men on the other hand focus more on how much money they can make based on their investments.

Countless surveys have shown that women make better money managers once they educate themselves on investing as their decision-making process tends to be more thorough and they are less likely to invest on "gut-feel" or take aggressive positions.

Action: Take yourself out of your comfort zone and learn about investments; trust yourself, you will make good decisions.

Myth: Stay-at-home moms don't need risk insurance

Fact: Motherhood has economic value

Women, especially if they are not the primary breadwinner, tend to be underinsured as their role as caregiver is not expressed in monetary terms. If, however, a mother is unable to care for her family, either through death or illness, someone has to be hired to provide care for the family.

Whether or not a woman is the primary breadwinner, if she is disabled or requires expensive medical treatment the household will incur additional costs which need to be provided for.

Action: Make sure you have your own insurance in place especially when it comes to disability and critical illness cover.

Myth: Husband takes care of retirement savings

Fact: Wives outlive their spouses

In households where the husband is the primary breadwinner, there's a tendency to rely solely on his retirement contributions to take care of the couple in retirement. The reality is that his retirement provision is based on his lifespan, which is on average seven years less than his wife's.

Women in general need to save 20% more for retirement than men. If, for example, a male aged 25 needs to save 15% a year of his annual salary until retirement, a woman would need to save 18% in order to have the same level of income as her money has to last longer in retirement.

Action: Working women should maximise their company retirement fund and supplement with a retirement annuity. Stay-at-home moms or part-time working women who may not benefit from retirement annuity tax benefits should at least contribute towards a tax-free savings account in their own name which can be used to supplement the couple's retirement benefit.

Do not hesitate to contact us if you require any additional information or any clarity on your current portfolio :

Tel: 012-345 6480 * Fax: 086 513 0769 * Geral : 082 326 5517 * E-mail: geral@cubeadvice.com

Material contained within the e-mail and or attachment is intended or general information purposes only and is not intended as professional, Counsel or investment advice, and is not to be used as such. GvJ Financial Services makes no representation as to the accuracy, completeness, timeliness, merchantability or fitness for a specific purpose of the information provided in this newsletter. GvJ Financial Services assumes no liability whatsoever for any action taken in reliance on the information contained in this newsletter, or direct or indirect damages resulting from use of this Newsletter, its content or services. Any unauthorized use of material contained herein is at the user's own risk. Please send the word "STOP" to geral@cubeadvice.com if you want to stop receiving the newsletter. Geral van Jaarsveld Financial Services member of Cube Advice Consulting an Authorised Financial Service Provider (No 40503)