

Women and Investing

by Jan Weiland

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Independent, Individualized Investment Advice and Financial Planning

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Are women better investors than men? Studies suggest they are. Yet more than 40% of women list insufficient knowledge as the single largest factor keeping them on the sidelines. *

Women and Investing is an empowering and educational quarterly column that helps women expand their financial literacy and enjoy a more active role in investing.

What is your Personal Confidence Index?

By Jan Weiland

Confidence is an important indicator in the world of economics, and there is a direct correlation between the related confidence indexes and resulting business and investment decisions.

The consumer confidence index measures the level of confidence within households. It is an important indication of whether the consumer plans to spend in the future and so it is of particular importance to retailers. And, there is the business confidence index which lets us know if business owners and decision makers are feeling positive about the level of business activity which leads to hiring more employees, among other business decisions.

Those of us who are investment advisors watch these confidence indexes not just for the absolute number which is reported but also for the trend. Are we trending upward and so can we expect more positive business activity? Or, are we trending downward and should we expect the consumer to save, rather than spend?

But, there is another confidence index I see in a more personal and relevant way. It is the lack of confidence individuals,

particularly women, have in making financial decisions in their personal lives. And, in some cases, they choose not to make certain financial decisions at all. And, it is disappointing to me when I know that such decisions would benefit their personal financial status, either currently or in the future.

One of the factors that contributes to women's lack of confidence is the need to thoroughly educate themselves in a certain matter. It may seem odd but the need to educate oneself so thoroughly may become impossible and so the pending decision is never made or made at a less than opportune time due to the delay in making the decision.

Women need to use a test of reasonableness when informing and educating themselves. Have they read what is readily available? Have they spoken with trusted advisors? And, by the way, we all need trusted advisors in our lives. They include friends, relatives, and professionals, and particularly those individuals who appear to have made good decisions in their respective lives.

Sometimes it appears to me that there is a misconception that financial decisions, because they

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involve mathematics, have a right answer and a wrong answer. This is simply not the case. There are many subjective issues which can influence a financial decision. And, while we would all like to make the perfect decision, better to have made a good decision than not to have made any.

What we need to understand as women is that decision making leads to greater confidence in making decisions in the future and boosts one's personal confidence index. And, if you don't make a decision and experience the consequences, good or bad, you don't have the opportunity to build confidence from those good decisions you make. Not making a decision does not help in building confidence, as a matter of fact it just increases the frustration of not having made a choice and becomes another decision to be made in the future. It weighs on one's personal confidence index.

At the same time, it is possible to learn more from a decision not well made with minimal consequences, than one well made. An example might be whether to participate in a retirement plan at work. By making a

decision to contribute \$100 each pay period and to invest it in a balanced mutual fund allows the opportunity to determine what is the appropriate amount of money to contribute so as not to affect your monthly budget adversely. Contributions can be changed quite readily. And making an investment decision establishes a baseline from which to make a potentially better investment decision in the future. Most financial decisions are not permanent and can be readily changed or adjusted in the future.

I firmly believe that women need to build their personal confidence index. Those of us who are investment advisors with an emphasis in serving women have read research supporting the fact that the investment returns of women are better than those of men. Their willingness to educate themselves, to adhere to a more conservative risk tolerance, and to use the advice of others contributes to these positive results. So, build your personal confidence index by make timely, wise financial decisions.



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Jan Weiland is the Executive Vice President, Investment with Cascade Investment Group, member FINRA & SIPC. Cascade Investment Group is not a tax or legal advisor. You should always consult with your tax advisor or attorney before taking any actions that may have tax consequences.

* "The Allianz Women, Money & Power Study", 2006