



Compounding Wealth

BY CAPITALIZING ON BOOMER GENDER DIFFERENCES

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I want to begin by identifying the differences between the male & female brain and then capitalizing on them to build wealth thru better family communication. This is so critical because as a financial advisor I've seen a host of couples come to my office with disparate incomes, disparate spending habits, disparate risk tolerances, disparate inherited wealth and disparate everything, but I've never been in a situation where these differences can't be forged, and any kinds of strife be conquered in terms of building greater wealth. I've often found that working with men and women, it's a terrific 1+1 makes 3 opportunity in that men's brains are hard wired in a very different way than are women's.

We'll talk about some behavior patterns and importance of good communication & goal setting so we can get down to very, very interesting and life fulfilling conversations that can enhance our wealth untold amounts. So we first need to understand the differences in the male brain & the female brain.

The brain is divided into two hemispheres the left & the right. Women's brains tend to be more densely packed with neurons. Women use more parts of their brains to accomplish tasks. Men do their thinking in more focused parts of the brains no matter what the subjects, solving math problems, reading a book or feeling anger or sadness. Men are more left brain dominant.

Women have more connection between the two hemispheres, the left side talks and listens to the right. It is the main bridge between the left and the right hemispheres.

The Corpus Callosum is a bundle of nerve cells which is the main bridge between the left and right brain hemispheres, and it is the key to intellectual development.

It happens that the women's Corpus Callosum is 23% larger than men's. However, a big corpus callosum does not make one smarter. Since men's corpus callosum takes up less volume than women's, the two hemispheres communicate less in a male than in a female.

Women are so much better at multi-tasking than men. Does that mean that women are of the better species? No it doesn't. It just means that men tend to focus in on one hemisphere of the brain, in one area. They don't go back and forth like women do. The neurons go back & forth in a woman's brain, so she is able to do many things at one time, unlike the man who needs to think on one thing, focus on one thing, and then alternately move onto the next thing.

Women's language abilities tend to be greater due to the fact that the left analytical part is enriched by the emotional right part which goes back to my assertion that they can multi task....they can think and do, think and do because the neurons go back and forth over the corpus callosum.

What does that all mean? It means that it affects communication patterns - the man focuses on one subject, goes right to the problem solving, and goes right to the bottom line, whereas women want the details-c'mon...give me all the inside information. Women are not happy or satisfied with just here's the issue, fix the problem.

The right part of the brain is responsible for emotions where women tend to have more neurons, more activity. The left brain is more responsible for verbal abilities.

Just because women are better at speaking their thoughts and feelings, it doesn't mean that men don't have that capacity. They do, just that .they're not as connected to the emotional aspect, which is more right brain. Men need to work at that aspect of development, and can often benefit by seeking out a qualified and licensed psychotherapists for valuable tools, because without professional help, it's often a very steep and daunting learning curve.

Typically women use 20,000 words a day, while men use only 7,000 words a day, so clearly different types of communication are evident in heterosexual relationships--they are not the same certainly but it's all communication. We need to understand when men say something, what they mean, and when women say something, what they mean. There's a lot of validity in each approach, but they are different.

I can't stress strongly enough the importance then, of seeking out a professional in communication, to help couples through this very important difference. No amount of quality financial planning or asset management can happen without good communication. I often encounter couples not really understanding what the other really means because their ways of explaining themselves are different.

As a financial planner, I have to understand both how the man thinks and how the woman thinks in order to respond to both of them effectively. There's a cerebral division of labor of sorts, for example. Men tend to do all cognitive processing in one region of the frontal lobe, while women's processing tends to be that the brain fires all over, in other words that the neurons go back and forth allowing for more communication between the left and the right side.

We women haven't received a lot of favorable money messages in our families or from our socialization over the years. I'm really hoping we can foster better communication by understanding these gender differences. It makes perfect sense to bring the whole discussion back to how the brain was created.

One of the ways this affects women is that they take longer to make a decision, trying to unite many goals. The woman does need time, and a man is often impatient with her need for detail but his impatience is ultimately not helpful.

So that's why a woman will keep talking about circumstantial evidence and the man will just cut to the chase,

steering more towards the facts, and the bottom line. The woman will steer more towards integrating the feelings with the facts, come up with something that will make sense to her. The facts are enough for many men; they don't need the "superfluous" details.

Women are context thinkers, whereas Men are content thinkers. Men hone in on one aspect and seek to solve the problem women involve many aspects of the problem.

As a financial planner and wealth manager, I certainly do engage both parties in the conversation cause it's really important to have that input for a financial plan to work. In order for a couple to retire successfully, I need to hear and tease out the goals of both the male and the female. They'll communicate them differently, that's my job to hear that, but it's each of the males and females' job to speak very openly about what it is that they are looking to achieve.

On average, as I ask Baby Boomers where they want to be during retirement; i.e., what are they're hopes and fears for the future, the preponderance of them plan to create a whole new life stage. They want to live younger longer, aspire to a whole new work-leisure balance and yet they feel very financially inept to do that. They're nervous that their finances aren't yet positioned so that that can really happen. If fear is present in a couple's relationship and they don't talk about it, we've got a sure fire recipe for disaster. Unless women are encouraged to speak very clearly about their wants, there will likely be a lot of friction in the marriage, which is exactly what I'm trying to circumvent, especially around money matters.

My therapist friends have taught me then to encourage the woman to speak from her feelings...to start with the I word, I feel worried about this, and encourage the man then to listen, asking him if he's heard her concern, and then it goes back and forth, with what he's wanting her to understand, so it's training, and it's positive, and productive.

I like the confluence between the different ways males and females process then because it's often very valuable for a woman in a trusting relationship clearly to see the man's point of view, cause he might just cut right through some of the fluff to get to the focus point of the problem, so they can get to the next challenge. That can be very valuable, so long as there's adequate interplay between entertaining all the fears first, because you simply don't march through life, making decision after decision without having some mis-steps and needing to regroup. That's where BOTH parties can come together, analyze what was done, and why, and then pool both their opinions in formulating the corrective step.

And that's often what happens with investments, is that someone makes an investment that turns sour, or they deem it to turn sour, and then they blame the other or blame themselves, and get into a lot of guilt that really should be taken in stride, because one investment mistake is probably not going to derail the entire investment train.

What I've found though is that men will focus on what they deem important...return/price, etc., and women also expect to know that, but they also do want the extra communication to understand how everything fits together, again, indicative of some typical gender differences.

Of course, we're speaking about stereotypical differences when we're speaking about gender differences. There are certainly exceptions, and we've both met them, but a man will generally want to be in control of a situation and a woman will want to be understood. And that carries over into the couple's communication styles.

The man will be fairly competitive in a situation & want their investments to win short term, and the woman will be actually supportive, wanting to draw the whole thing together, looking at the over arching plan and how their investment fit together. That may be a cause of her dismay, because she may look at the compilation of financial investments and be very confused about how it all fits together and in fact, they may not fit together and she's right to question that. So with a proper respect for these differences, both of them can come to the table, and draw up a plan of attack and shore up what needs to be spun out of the portfolio and what can be retained.

And that is really critical to understand because there is what I think as a fine art of talking about money in particular. So, if we've established that there are different conversational styles that stem from differences in how men and women are hard wired, when you introduce a topic like money--a subject that has massive import for the couple--I think that you load on an additional set of expectations and potential miscommunication.

So the reward for coordinating our investing with our values is a whole lot of freedom and a whole lot of choices, both now as we are planning our retirements and then as we are starting to live them.

What I am always wanting to ascertain is does a couple's spending support their values and dreams. What are the couple's goals about their next lifestyle and how it will compare to their current lifestyle? How is their savings and investment plan set up to achieve that? It is obviously really important for conversation styles to be recognized as very different and for there to be an interplay between those two styles. Because as many people have admitted, there has not been a lot of teaching in the family (and specifically our previous generation) about money and investments.

Often money has been a hush hush topic, often we don't talk about money--that is a dirty subject or something that never should be discussed. It is never something that the children should know about and so forth. So I just want to go over some money messages that tend to retard women's growth and their exploration into the area of investing, in addition to society's socialization:

- money buys you friends,
- don't let anyone know how much money you have or they will rip you off,
- the fool and his money are soon parted,
- money doesn't make you a better person,
- we were poor but honest,
- we don't talk about how much money we earn it's rude,
- work hard for everything you have,
- you have to do work that is difficult and stay where you are for security,
- it is not yours unless you earn it yourself,
- Who did she sleep with to get where she is?

Wow! What negativity! The closed down, piggy bank mentality, the watch every nickel many women have been reared with is so limiting. A lot also depends on the messages that get conveyed by our parents. Most often men will handle money in a way that has been modeled after their fathers and women after their mothers. Statistically it does follow gender lines. When asked men and women suggest that there have been people in their family that they look up to regarding money but it hasn't been an open conversation, per se.

Unfortunately I think that a lot of financial decisions occur without there having been a conversation preceding them, which would be a more typical male approach. A male hears a tip he takes a risk, he invests some money, he comes home he may or may not even suggest that he has done that with his wife or partner

The women on the other hand will maybe search out some investment options and start to gather her circle of evidence around her to determine if the investment is going to be profitable or not. Will that financial product fit & serve as a solution to their investment or financial problems?

If you don't have that conversation to support why you are taking financial risk and why you are (or are not) making investments, there is a huge chance that misunderstanding will fester and will come out in probably very difficult ways to solve, if each partner is in fact left to their own devices.

While not as prevalent with today's feminist women in their 40s and 30s and 20s, older women were socialized to expect the men to take care of them. Wait for your Prince Charming, it is not your world it is his, defer to him, etc.

This certainly did impose a ton of pressure on men, who may not have prepared to make singular money decisions that would impact the **lifetime well being** of 2 people! I empathize with men who confide in me that they're no more prepared to deal with the money than their wives, but she is expecting them to do it, they don't have time to seek out the best advice and they are doing the best that they can.

It makes me empathic with both genders. I definitely want the woman to be involved and to speak her mind about her own ignorance as well as own their pockets of knowledge and I want the man to say the same thing. Then they can make mutual decisions rather than having the traditional man continue to run the money, on really "a wing and a prayer". It's FAR too late in the day for that. Our investments must solve the boomer conundrums--longer life, (especially for women), women probably having assumed care giving (which may have reduced their earnings or savings) and the need to have the money last as long as they do.

SO I just want to itemize a few potential instances or situations (or stereotypes) that may in fact hit a little close to home in terms of how many men **may** perceive their handling of their investments as compared to how their female partners **might** feel. This is NOT unique, of course to heterosexual couples, as any partnership may fit into these slots. Now, don't get your back up about these statements. If they don't apply to you, thank God and move on!

MEN might bristle at some women wanting to have a say in what money gets contributed where indicating that they earn the money if in fact they do and often time they do out earn their spouses

WOMEN might feel that they don't have a right to speak, often deferring to their spouses. Women might not feel important enough to fight for their expenditures; in fact they might hide their purchases for fear of reprisal because they don't feel that they have any power.

Studies show that the highest earning partner dictates what expenses are fixed and what expenses are tertiary. I think that may end up being a cause for people to seek out tools to enhance or repair their communication, perhaps through working with a psycho therapist.

There always seems to be a little tussle among couples about saving and spending. Invariably one is always more of a spender and one is always more of a saver.

MEN might feel that their buddy or their golfing partner or their college roommate is best qualified to invest their money.

WOMEN may want to have a say and a choice of selecting a financial advisor, one whom will listen to them and answer their questions.

MEN may presume because they have always been the ones to do so that they should be the ones to make the unilateral decisions, after all, it's just simpler that way.

WOMEN may presume that they can't break into the decision making process because they don't have the same knowledge base that they perceive their husbands to have.

MEN may be too embarrassed to admit that they don't have the knowledge to make the decisions either and yet they go ahead and assume the role since they think that they should.

WOMEN may blindly delegate the financial decisions in the house because that is how their parents did it.

MEN may not be following a particular plan of action for their finances out of fear that they can't do it right, or that they will never be able to retire so why even look at it. This could also partially explain why some men don't ask for directions because of divulging the fear of not knowing something.

WOMEN may wonder what plan is in place but be too timid to ask.

MEN might abandon the plan of buy and hold, and quickly sell if the market drops precipitously, thinking their quick exit will protect the family. Conversely if they hear a tip they may buy hoping they can feel like a hero if it earns a lot of money-preferably quick money.

WOMEN might want to stick to the plan, the original plan, having more patience.

MEN may want to trade stocks more often feeling that to take some action is actually responsible.

WOMEN may be fine to monitor the plan without making trades if all is well.

This points us to an interesting statistic from a Barbara ODean study out of the University of California in 1999 that showed because men trade more than women; women actually make better investors than men.

Men actually traded 77% of their portfolio each and every year versus women trading 53% of their portfolio annually. Single men traded 67% more than single women. All that excess trading resulted in men's returns coming in .94% less than that of women, (almost a full percent less than women) and the single men's returns are almost 1.5--actually 1.44% less than single women's.

This kind of precipitous action that the male brain prompts men to take is quite expensive, especially when you consider compounding, whereas women will be much more intent on finding some substantive evidence as to why they should make those investments and they will generally hang on to their investments longer so as a rule.

If we can harness the power of the male and female brains so that $1 + 1 = 3$, we'll make FAR more money, and live happier, healthier lives. What's the alternative, you ask?

Premature death notwithstanding, 51% of American marriages end in divorce and according to the Journal of Sociology's Marriage and Divorces Impact on Wealth Study, **both** parties suffer a net worth drop of 77% on average.

67% of 2nd marriages end in divorce, the statistic is higher because it is about blended families it's about mixing money, It's about children of two different marriages, its about loyalty and commitment. Often blended families do not work; they need a lot of help in getting over these hurdles.

Disagreements about money are really a very very big part of what is usually at the core of couples' problems. However, as any psychotherapist knows, money is just the holding point because it is usually about communication and money then becomes the vehicle with which they disagree. It doesn't mean that they don't have money issues but if they have good communication about the myriad of other issues and an effective way to talk to each other, then it will follow that their money issues will be able to be negotiated and mitigated.

Let's be about empowerment then. Let's understand and work with gender differences as boomers. Let's be as creative in solving these conundrums as we are about all other aspects of our lives-we who are living longer, and living younger. Let's keep love in our lives, and that will pay huge dividends in our compounding wealth!

You'll find these and more statistics, patterns and recommendations in my upcoming book, so stay tuned for its release on www.debralmorrisonsspeaks.com.

Call us to book speaking engagements for mature women seeking a motivational speaker who will catapult women towards their financial empowerment, by calling 1-877-BE-WISE2.

GOD BLESS!