

Pink or Blue?

How do I relate to my money?



By looking at research into behavior patterns and over 30 years as a Certified Financial Planner™, I have found that men and women often have similar financial objectives but different strategies for reaching them, each with its own relative advantages and disadvantages. What can men and women learn from each other to help improve the financial outcomes of both?

Rather than a BATTLE OF THE SEXES, we're striving for a better appreciation, and the potential for better financial outcomes from borrowing from both approaches. What can we learn from the strategies the other gender typically uses? How can couples develop a greater understanding as they navigate their finances together? Let's jump in.

Are You More Pink or Blue in Your Relationship to Your Money?

General Observations

- May be More Long-Term Goal Oriented
- More Relational
- More Collaborative
- May Take Less Risk and Debt
- More Likely to Seek Investment Advice

End Benefit/Objectives Focused Approach

Describe themselves as Financial Collaborators

BROAD GOAL: Reap the Benefits of Money

ALLOCATIONS: often more cash available, more annuities / bonds, less stocks / risk

- May be More Knowledgeable about Money
- More Confident
- More Competitive
- May Take More Risk and Debt
- Less Likely to Seek Investment Advice

Wealth Focused Approach

Consider themselves Financial Conquerors

BROAD GOAL: Maximize Wealth

ALLOCATIONS: often a larger amount of stocks with greater amounts of risk

While sharing a generalization of the practices of males versus females can be helpful, please note that no statements here are prescriptive of the behaviors and perspectives of individuals. In fact, we often share similar characteristics and strategies for meeting financial needs.

At DFS, I take time to understand my clients on a personal level. I hear not just what their needs and Life Goals, Hopes and Dreams are but their underlying values and concerns. I take time to learn the language of the couple I'm working with, as I assess their full financial picture from taxes and insurance policies to legal documents to make sure all the pieces fit together. I guide you into a plan that unites your needs and goals into a strong and mutually beneficial FINANCIAL PLAN for your shared short and long-term future.

- Len Hayduchok, Dedicated Financial Services

Come see the benefits offered by a Certified Financial Planner™ practitioner with 30 years experience navigating these complex issues.

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Pink and Blue Money

cont.

*Pink and Blue Money is a broad description of how men and women generally tend to handle their financial affairs based on cultural patterns, differences in financial risk due to life expectancy, view of risk, financial experience and the value they ascribe to money and identify with it. Women and men share similar financial objectives but their underlying different perspectives about money affect their financial decisions.**

Pink Money

Both women and men are interested in less uncertain solutions for meeting income needs and covering financial risk through insurance (a characteristic of Pink Money).

However, data indicates women are subject to greater financial risk due to the social reality of a longer life expectancy and will often be more “Pink” in how they handle their finances.

The Pink Money strategy takes a “Disposition Approach” to financial planning where a combination of income vehicles and insurance products may be used to provide contractually specified outcomes. This reduces the need to depend on uncertain investments for meeting objectives that are viewed to be “too important to chance.”

Dispositions (actual, end uses for money) include:

- Income—regular distributions to meet ongoing expenses
- Health Care—medical or long-term care expenses
- Legacy—what is left behind for heirs and charitable organizations

With this strategy it is common to use annuities that ensure lifetime income; life insurance that protects against the loss of income due to an untimely death and long-term care insurance that covers expenses arising from failed health; and a more conservative asset allocation which reduces investment risk. This approach typically appeals to risk-averse investors. Since growth vehicles are used more sparingly in this strategy, it will almost certainly limit the long-term wealth of individuals, assuming future results somewhat approximate past performance.

Why Many Women Prefer Pink

The longer life expectancy of women creates a greater financial exposure to having to live alone on just their own retirement income and investment resources in their later years. They have a higher likelihood of running out of money and not having anyone to assist them with potential health needs.

“Longevity risk” and behavior preferences of women have to be accounted for in their financial planning, particularly when they are interested in increasing the certainty of financial outcomes, and security is an important overarching objective.

Blue Money

Both men and women are interested in the investment approaches for building wealth to meet long-term needs (a characteristic of Blue Money).

But according to Research Studies men as a whole generally accept more investment risk and will tend to be more “Blue” in their approach.**

The Blue Money strategy is the more readily recognized “Growth Approach” to finances—investing in a “diversified portfolio for the long-term.” Its end objective is eventually to eliminate the need for employment income, and it presumes investments behave somewhat similarly to the way they have in the past. It also presumes income will be rather consistent during working years, and expenses will be somewhat predictable over the lifetime of the investor.

Using this strategy, an asset base funds all the financial needs—expected and unexpected, incidental and catastrophic, in the short-term and long-term. Investments in the portfolio should be aligned with the time frame that withdrawals are expected to be taken. If the assets are “sufficient,” they will meet all the financial objectives over the individual’s lifetime. Ultimately, the investments in the portfolio must perform for the financial objectives to be met. This approach typically appears more often to investors who are more comfortable accepting risk and uncertainty.

Why Men Generally Trend Blue

For many men, money represents success, and acquiring wealth is their means to meet their financial objectives.

They tend to be more interested in their financial accomplishment—specifically, their net worth. Accordingly, their goal is to maximize wealth and they are more willing to assume risk to achieve their growth goal. They may be “less worried” about the details of their specific needs and rely on the wealth they have accumulated to meet all their financial needs and those whom they want to provide for.

**General descriptions of Pink and Blue Money approaches have limited application to specific individuals based solely on gender. Neither the Pink or Blue approach to finances is “superior.” Preference for one or the other is highly subjective and comparisons between the two is limited depending on what you view as being important.*

***To access the research studies visit <https://dedicatedfinancialservices.com/pink-blue-money-research-studies-reviewed/>*

Comparing Pink and Blue Money

How are the two approaches different?



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1) How is my identity tied to money?	Money helps me connect with those I share life with	Accumulated wealth is part of my identity
2) What role does money play in my life?	Money provides me security and pleasure	Money gives me a sense of success and empowerment
3) How do I structure my financial resources to meet my objectives?	I meet my financial objectives with a combination of investments and insurance products that provide more predictability	I grow my wealth to meet all my financial needs: future spending and retirement, unexpected expenses, and provide for loved ones
4) What is the role of investments in my financial plan?	Grow steadily over time without the worry of large losses that could derail long-term financial plans	Grow as much as possible, accepting the possibility of investment losses in the short-term
5) How do I generate income?	Drawing on the interest, without "touching the principal," and predictable income strategies	Various means, including income-producing assets and selling off investments
6) What is my view of "Long-Term" related to my finances?	Part of my lifelong objective (or do you prefer "journey") for my finances to support my needs now and in the future; I have the "whole time" in mind	Retirement timeframe when I want my portfolio to meet all my financial needs; I have mostly the "end" in mind
7) What is my view of risk?	I would prefer to meet my financial goals with as little uncertainty (one of my definitions of risk) as possible	Risk is a relatively minor consideration as it is necessary to meet my long-term goals
8) How do I define financial success?	To what extent I was able to feel comfortable with my finances and not worry	How much wealth I was able to accumulate for myself and "leave behind"
9) What is my view of insurance?	An important way to reduce uncertainty and worry	Something to avoid if can cover risk through wealth
10) What causes me the most financial angst?	Experiencing investment losses	Missing investment opportunities
11) What is my view of debt?	A cost and obligation to avoid.	A means to acquire wealth and spending power
12) What is my interaction with money?	I have little interest in following it but may "out of necessity"	I enjoy spending my time tracking and managing it
13) How much skill and confidence do I have planning and investing?	I feel inadequate in my skills (but may be understating my financial abilities)	I feel I have sufficient skill (but may be overly confident in my financial abilities)
14) How much experience and exposure have I had working with money over my life?	A limited amount and in limited capacities and roles	Fairly extensive and in various facets and capacities
15) How do I view others when it comes to money?	I like to collaborate with whomever I can and involve financial advisors; I am not interested in comparing my finances with others	I like to handle my finances myself and avoid financial advisors; I may view financial success as a form of competition
INVESTMENT PORTFOLIO HOLDINGS	Some stocks (usually mutual funds) but also bonds, annuities and cash	Predominantly stocks (mutual funds and individual stocks)
INACCURATE STEREOTYPES	Unwilling to take risk; I have an "emotional" approach to investing	Unconcerned about risk; my decisions are purely "rational"