

Why Women Invest Differently than Men

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“Many people perceive a style difference as the other person's personal failing.”

Deborah Tannen

Our financial choices, like many other decisions, are rooted in our neurobiology. And, the neurobiology of women's brains is somewhat different than men's due to phylogenetic history. This means that by looking back to our distant ancestors we can better understand why women and men tend to make the investment choices they do.

Our prehistoric grandparents wanted to survive just like we do today. In order to achieve this, they had to use every skill she or he could muster to stay alive in a threatening and often hostile environment. Along the way, each developed life protective skills that were gender specific and are still carried in our genetic makeup today.

Our prehistoric grandmother had to protect herself so she wouldn't be killed. Since she was the physically weaker sex, this involved **caution**. Otherwises, a strong male from another group might carry her off, or an animal might enjoy her for lunch. Genetic selection for caution meant she was more likely to live and procreate. Her stronger male counterpart, on

the other hand, had to develop the confidence and aggressiveness to kill animals and other humans or he wouldn't survive and his genetic pool would die.

Also, just like women today, our great, great, etc. grandmother wanted to be as comfortable as possible. This involved cooperation and communication with other females to use common utensils and tools for making a home. **Talk/listen** was the process she used. Without this skill, she would more or less be on her own, and again more likely end up as prey for a predator. Males, on the other hand, developed their action-based skills, since this was needed for killing animals for food and other humans to protect their group. Rather than discuss whether to kill a foe, it was killed upon sight. Action had to be taken. If it was not, our cave-grandfather was the victim, not the victor.

Additionally, our great, great, etc. grandmother had to look ahead to her future. Which male would she align herself with who could give her and her potential children protection? Which group members were trustworthy allies? Thinking ahead and seeing her future in perspective meant she saw the **overall goals** for her survival, the long-term picture. He, on the other hand, had to be more focused on short-term goals in order to supply the group with food and protect them. Also, because he was powerful, he could conquer his female of choice and was less likely to calculate ways to attract her.

Lastly, when she had children, she had to be responsive to them or they could die and again her genes would not be carried forward. For example, when her children became ill she would have to intervene quickly to prevent worsening illness or death. This sensitivity is closely aligned with

intuition. He, on the other hand, could not be overly sensitive or he couldn't kill animals or foes, as he had to do in his hostile environment.

These genetically selected female traits--

- Caution
- Talk/listen
- Ability to appreciate the overall long-term picture
- Intuition

are still used today by women, but not for the same purpose as hundreds of thousands of years ago. Now, they are brought into play to solve modern problems. They are especially useful in investing. **This is because our contest today is mental, not physical. This means that selected female genetic traits including judicious behavior, knowledge of one's self and ability to communicate bring superior investing results over the use of brash confidence, rapid action and lack of communication. Though this latter approach was used by males thousands of years ago by necessity, it is still in their genes today. The difference in modern times from the prehistoric era is that these male skills are less beneficial in making most contemporary investing decisions. They are outdated. Females, on the other hand, experienced a different phylogenetic history. Theirs required that they live by their wits, rather than strength. This scenario is more suited to present day investing and may explain why women are excellent investors according to several recent studies.** Ultimately, this kind of understanding will help both men and women make better investing choices that glean higher return because we are aware of the forces that compel us. Then we can begin to bend them in our favor.