

## Why Women In Harlem Are Better Investors Than Men

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By Mark Chandik

When it comes to investing, many women take a stay-the-course approach that research shows can give them an advantage over their male counterparts.

Typically, men are more likely to want to shake things up with their investments, and that can be counterproductive, says Mark Chandik, president of FDP Wealth Management and author of ["10 Financial Strategies for the Smart Investor"](#).

"Men love to tinker with things," he says. "Risk stimulates them. Their buddies give them tips or they read an article in the Wall Street Journal, and



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"Women tend to make careful choices up front, and then leave their money alone. Often, when I look at a husband and wife's IRAs, I'll see that after 20 years she has accrued substantially more capital than he has, and he was the one doing all the active management."

One study by SigFig, an online portfolio manager, showed that over a 12-month period ending in early 2015, women investors beat men by a 12 percent average. Men were also 25 percent more likely to lose money in the market, the study reported.

"Many active investors brag about their latest wins, but just like gamblers, they don't talk about their losses," Chandik says. "If you look at the tax return of a typical active investor, and see how much money their investments made for them after taxes, you often find a story that's not so compelling."

Several factors probably lure men into thinking that constant churning of the portfolio is the smart investing option, he says. For whatever reason, the same factors don't entice women to a similar degree.

Among those factors are:

- **Misunderstanding gains and losses.** A major reason many investors – and men in particular – fall in love with active investing is that they have a misguided notion about gain and loss, Chandik says. For example, he says, from 2009 to 2015, many people saw double-digit annual returns and came to regard that as the norm. They expect it to continue, but such growth is not sustainable. When weak or negative years occur, they need to resist the temptation to abandon a patient approach, Chandik says.
- **Timing the market.** Some investors become convinced that the secret to good investing is timing – buying and selling a stock at just the right moment. “Market timers may score big once in a while, but not repeatedly and not over time,” Chandik says. “There are too many factors involved, too many things you can’t know or control. You not only have to buy a stock at the right time – just before or after it hits bottom – but you also have to sell it at the right time, dumping it while it’s still hot.”
- **Technology encourages bad habits.** One reason that timing the market has become such a temptation is technology has made buying and selling quicker and easier than ever, Chandik says. “Today, a client can pull up an app on his iPhone while he’s on the phone with me, buy something and then turn around and sell it by the end of our conversation,” he says. “The liquidity is crazy and it leads to some very bad habits.” Chandik says working with a skilled advisor can go a long way toward curbing these bad habits, but that in and of itself isn’t a cure.

“It’s essential that both the client and the advisor have clear expectations from the start,” he says. “Many people, for example, are under the impression that it’s the financial advisor’s job to beat the market. Not so. No advisor – at least no ethical one – can promise market-beating returns.”

Instead, Chandik says, the advisor’s role includes understanding a client’s life goals, assessing risk factors and putting together a blueprint that addresses the client’s needs.

“The advisor also acts as a support system,” he says. “In times of stress or down markets, the advisor can say, ‘Just hang tight. Be patient. Stick to the plan.’ ”

What do you think?

*Mark Chandik, president and chief investment officer of FDP Wealth Management, is the author of “10 Financial Strategies for the Smart Investor” ([www.fdpwm.com](http://www.fdpwm.com)). He has more than 30 years of wealth-advising experience. He began his career in 1983, working for an established firm, and in 1999 founded FDP, a thriving independent practice in Orange County, Calif., that serves corporate executives, professionals, business owner/operators, affluent families and private individuals with investing needs. Chandik is an Accredited Investment Fiduciary (AIF). He currently serves as chairman of the Professional Advisory Council for the Ronald Reagan Presidential Foundation and speaks at industry meetings throughout the U.S. on topics such as advanced life insurance planning, multi-disciplinary practice and the role of the financial advisor.*

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