

# Women's 'safe' choices hinder future funds

October 14 2013, by Rebecca Graham

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In general, females chose investment options with the lowest risks, which Prof Speelman says return less than high risk investments long term. Credit: SalFalco

WA researchers have discovered that women tend to choose lower-risk superannuation investment options than men, further compounding the factors that impact their capacity to accrue sufficient savings for their retirement.

Published in the *Journal of Family and Economic Issues*, the study, led by Craig Speelman from ECU's School of Psychology and Social Science, analysed the [investment strategy](#) choices of members from four, large, not-for-profit Australian superannuation funds, with a focus on demographic differences in investment behaviours.

"The superannuation system has undergone structural changes such that

investors are encouraged to move away from default plans and defined contribution schemes, to making decisions regarding their investments and contributions," Professor Speelman says.

"Both of these could result in increased risk.

"Previous research had indicated some association between one's gender and age, and the level of risk in investment choices.

"Much of this research was limited in number and types of people examined, and some results were contradictory.

"Our research, based on four superannuation funds covering a range of industry types, was designed to examine these associations with a larger, more representative sample."

The fund types investigated include an industry fund for health and community service workers, an industry fund for members from diverse industries, historically manufacturing, a state public sector workers superannuation service, and an industry fund for Australian tertiary education sector workers.

Investment choice data was obtained from a range of dates for each fund, ranging between July 1995 and December 2004, with a total of 157,331 members making investment choice changes across the four funds during this period.

Gender, age, employer contributions, account balance, and the number of [investment choices](#) made were also assessed.

"Although there were some exceptions across the four funds, which might reflect the type of industry represented by the funds, in general, females chose investment options with the lowest risks," Prof Speelman

says.

"In general, and over long periods, higher risk investments lead to better returns, so choosing low-risk investments can lead to sub-optimal returns on investment, and so less money for retirement.

"If females generally choose low risk investments, they are likely to have less money for their retirement.

"This compounds the problems females face associated with disrupted work patterns and lower incomes across their working lives."

Prof Speelman recommends that public education on superannuation [investment](#) options be provided.

"Superannuation [funds](#) should consider tailoring their communication to the demographic groups identified in this research," he says.

Provided by Science Network WA

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