Among the men in dark suits, we need women to light the way on investing

With nearly a third of private wealth in female ownership, it's clear financial services have been run by men, for men for too long

PENSION EQUALITY

PERSONAL ACCOUNT
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Women have not been served well by the financial services industry. As a female wealth manager advising both sexes, I see an industry that is still largely run by men, for men, every day. I have worked in the sector for 22 years and there have been times when I have been the only woman, or one of very few women, at networking or industry events, where the room was wall-to-wall dark suits.

Even in the past few years, when the industry has been working to address this, attendance at such events has still been dominated by men.

This seems to be backed up by the statistics: a 2016 report by the think tank New Financial found that only one in seven executive committee members across the UK financial services industry were female.

As a consequence of this gender imbalance, products and services seem to focus on men.

It may be true that, historically, women had less need to seek advice on financial products such as pensions, but this seems a very outdated concept. The proportion of those in employment is ever increasing, reaching a record high of 78% of women of "prime working age" (aged 25-54) last year, according to the Institute for Fiscal Studies.

Growing numbers are breaking into the boardroom, running their own companies and managing earned, rather than inherited, wealth.

With women today increasingly taking greater control of their careers, they are also taking control of their finances. Estimates by Boston Consulting suggest that by 2020, women will control a third of the world's private wealth – about £54 trillion.

That means those wealth managers and financial advisers who ignore female investors do so at their peril.

Recent research by the accountancy firm EY found that about 75% of women feel misunderstood by wealth managers. And that is possibly because everything about the industry has historically been designed for the needs of men.

Many wealth managers do not appreciate enough that a woman's approach to investing may not be the same, due to different characteristics, financial objectives or personal circumstances.

As result, they are unable to advise women properly on how to achieve their financial aims, whether these be managing savings and investments, maximising their assets or planning for retirement.

Only by taking both genders seriously, as investors and professionals – and recognising that women's working lives are different from those of men – will wealth managers be able to capitalise on one of the fastest growth areas in their industry.

So what are the main differences between the genders in attitudes to investing, and why does it matter that these exist?

In essence, it all comes down to contrasting attitudes to risk.

In my experience, men tend to be willing to take more chances and they often focus on short-term gains, turning over their investment portfolios with relatively high frequency.

The priority for women, on the other hand, is often to fulfil personal goals and they may place more emphasis on non-financial outcomes such as work-life balance and taking care of children or elderly relatives. They do, however, tend to earn less over a lifetime – taking career breaks and part-time jobs – and to live longer. Consequently, they may need to invest more than men to ensure their personal financial security.

Meanwhile, as a result of being relatively risk averse, women often buy and hold their portfolios for the long term, and this different style of investing also needs to be recognised by the financial services sector.

Another difference is that female investors are often less confident in their financial expertise – even if they actually have the same knowledge as male investors – and will not engage with a financial product that they do not feel they understand. They may therefore take more time researching investment products and pensions (which may well lead to better long-term decisions).

78%
The proportion of women of 'prime working age' in employment in 2017

£54trn
How much global private wealth will be controlled by women by 2020

Understanding these fundamental differences in the way the two sexes behave when investing is crucial to the financial services industry's ability to serve women properly.

So how can wealth managers attract more female investors?

Engaging with female clients starts with the marketing literature produced by investment firms. Currently, much of this is technical, with parts being impenetrable. An example would be the marketing of products before the financial crisis, when retail customers and smaller companies were sold fixed-rate mortgages and interest-rate hedges they did not understand.

To engage women, information about financial products needs to be clear and concise, outlining the risks truthfully while avoiding jargon.

Education, direct comparisons between products and service providers, peer reviews and referrals – women recommending good advisers to other women – should all be encouraged.

Personal service is also vital. The industry has started to move away from face-to-face meetings, but these are essential in understanding a client's overall goals, priorities and future liabilities.

Dealing with someone's hard-earned finances is very personal and decisions are based on trust.

Face-to-face meetings give advisers the opportunity to show empathy and demonstrate their professional knowledge, which are essential in building this trust. Where possible, we use a consensual approach with women – discussing and sharing ideas before making any investment decisions.

It would help the financial services profession, however, if it could attract more women to work in it. Only 10% of wealth advisers are female and this is unlikely to change unless firms start to recognise the contribution that women can make, value and reward long-term commitment, and offer more flexible working even in senior positions.

There also needs to be transparency on salaries and bonuses, which should be in predefined ranges equal for all staff, to attract the best female talent.

Having worked part-time for a number of years when my children were younger, I saw the careers of female colleagues in banking going down one of two routes.

Many professionals with young families left the industry altogether, unable to juggle the demands of long hours and high pressure with family life, while those without children pursued a demanding career, which often came at a cost to health and well-being.

Enhancing the appeal of the financial industry to women should also mean that more of them engage with financial services and products. From the wealth manager's perspective, meanwhile, because women are more likely to be "buy and hold" investors, their custom could be very valuable. Once you have gained their trust, they could be good and faithful customers for a very long time.

Simone Westerhuis is managing director of LGB Investments.
Ian Cowie is away

Will your refund be torched if you cancel your Paris trip?

Package tour operators may offer help even if insurers don't, says *Kate Palmer*

The *gilet jaune* riots in Paris haven't just dented the French economy; they have hit tourism too.

Last week, it was reported that hotel bookings in the French capital are down by a fifth for the new year after the violent clashes over reforms.

The protests, which have been going on for a month, have led to the closure of popular tourist attractions including museums and opera houses, as well as shops on the Champs Elysées. Hundreds of people have been injured, including London's 75-year-old doyenne of vintage fashion, Virginia Bates, who suffered head wounds and a broken shoulder last week.

So, even though the worst looks to be over, you could be forgiven if you were having second thoughts on a break to see the Eiffel Tower.

Insurers may baulk at paying out on claims if trips are cancelled due to violent protests in a foreign capital. However, there is a trick to getting some – or all – of your money back if you choose to postpone or cancel a journey.

EU regulations introduced in July give holidaymakers cancellation rights – but only if they have bought a package holiday with a tour operator and if the circumstances are considered "unavoidable and extraordinary". These problems must be occurring at the destination or having an impact on travel there: in either case, customers should

The Paris protests led to the closure of tourist sites

be allowed by tour operators to cancel their holiday and claim a full refund. The law defines "unavoidable and extraordinary" circumstances as something beyond anyone's reasonable control, or that could not have been avoided by any reasonable measure.

Frank Brehany, a travel law expert, said that "without question" the unrest in France should be classed as such. "It is clear from previous weekends that it has not been possible for holidaymakers to enjoy the city," he said. "It's important that consumers understand these important rights and distinctions so they can manage any disruption to their plans."

The case is particularly strong for holidaymakers who pre-paid for a coach tour around the city or entry to multiple attractions, only to find they were all cancelled, he added.

Under another part of the same law, operators must tell customers where there is a "significant" change to their holiday and offer them a new holiday or a refund.

Brehany said it was clear the demonstrations in Paris had been "significant" and "extraordinary". "It is up to holidaymakers to collate evidence, such as [from] French news channels, and ensure they act."

The Foreign Office has said travelling to France is safe, so it is unlikely operators will cancel trips automatically, as happened after the Tunisia terrorist attacks in 2015. The Foreign Office also warned that demonstrations could cause "extensive disruption" to trips to Paris, including violence and damage to property. However, because there is no official advice against travelling to Paris, most insurers will refuse to pay out if you cancel.

The consumer protections do not apply if you book travel and accommodation separately, hire accommodation through Airbnb, or use a comparison site to buy your flight, train or ferry and hotel together.

If you have booked through Airbnb, check if your host will let you postpone your trip.

Flights can normally be changed for a fee but the cost is often so high that it is cheaper to book a new one. Ryanair charges €35 (£32) to €65 to amend a booking, while easyJet's levy is £32 plus the difference in the fare.

Those travelling by Eurostar can change a ticket for a £30 fee (£40 if travelling in standard premier class) as long as the train they are booked on has not left. You must pay the difference if the new fare is more expensive. However, anyone in business premier class can exchange unused tickets up to 60 days after their original planned departure date.

Teens to miss out on NI numbers if mothers shunned child benefit

Thousands will have to apply for the vital code as migrants do, says *Kate Palmer*

Hundreds of thousands of children born since 2013 may miss out on automatically receiving a national insurance (NI) number that entitles them to work and study in the UK.

Currently, British-born children are automatically sent NI numbers by the government when they turn 15 years and nine months old. Migrant workers, by contrast, need to apply for NI numbers and attend an interview.

A quirk in the system means the vital codes are sent only to children whose parents registered them for child benefit.

Last week, The Sunday Times told how confusion over child benefit rules for families where one parent earns more than £50,000 had led to thousands of parents failing to claim the benefit.

The number of registrations has dropped by 516,000 since 2013, when the tax charge on high-earning families came in. Those children who never receive the benefit could be forced to prove their identity to qualify for a national insurance number.

Child benefit, which pays £20.70 a week for a first child and £13.70 for each additional child, is reduced if a parent or their partner earns more than £50,000. On earnings above £60,000, the payment is

Mother knows best: Kasia Dudziuk, with husband George and their son, Oskar

completely wiped out by an extra tax charge.

Parents earning more than £60,000 can register for child benefit but not claim it. This avoids the tax charge but ensures the parents and the child keep their national insurance entitlements.

It is yet another confusing loophole in the child benefit system, which already leaves stay-at-home mothers and fathers worse off. Last week, Money told the story of one mother, Susie Ambrose, who lost five years of state pension for failing to register for child benefit.

Our story prompted letters, emails and comments from other mothers, including one reader whose children were given national insurance numbers – but only through registering for child benefit.

"Unless the system has changed, there will be a whole raft of children without NI numbers come 2029," said the mother, who gave her name as Cathy.

It is possible some of the 516,000 families who have de-registered for child benefit had their children on the system at some point, meaning they will still get an NI number, but if a child has never been registered, they will not be sent one automatically. These youngsters will have to apply alongside the more than 620,000 immigrants who apply for national insurance numbers a year, according to Department for Work and Pensions (DWP) figures.

It is essential to have an NI number to get a job as well as to apply for a student loan. They are also needed by pension and Isa providers, as well as local councils for claiming housing benefit and by the DWP for claiming any state benefits.

Financial companies that buy and sell investments such as shares, bonds and derivatives will ask for your NI number before proceeding, too.

Because she was affected by the income cap, Kasia Dudziuk, 33, mother of five-month-old Oskar, nearly ignored the child benefit form that she was given as a new mother.

Kasia, a children's book illustrator from Richmond, southwest London, is not eligible for the payments because her husband George, 41, a digital technologist, earns above the income cap.

"I knew I wasn't eligible but my mother persuaded me to apply," she said. "I don't think many women realise how important it is just to register for child benefit and not receive any money."

Kasia urged other new mothers to follow suit. "I got a hamper with nappies and wet-wipes when Oskar was born but information on national insurance would have been helpful at that stage, too," she said.

The DWP said children who have not automatically received an NI number can apply once they have reached 15 years and nine months. It advised those aged 16-20 with no NI number to call the national insurance helpline on 0300 200 3500, while anyone aged over 20 should contact the national insurance application line on 0800 141 2075.

Any migrant who wants to work and study in Britain must apply for an NI number at their local job centre and attend an interview, although it is unlikely British-born applicants would need to go through this process if they could prove they had the right to work in the UK.