

Preparing for the future: Why women need to invest in financial literacy

Women are living longer, earning better incomes and taking charge of household finances. But do they have the financial know-how to make the best financial decisions?

While Canada's economy has been strong in recent years, many Canadian men and women struggle to manage their finances.

Strong financial literacy – the ability to use knowledge and skills to make informed financial decisions – can help Canadians plan ahead and secure their financial futures.

While there is a lot to learn, women are becoming more financially savvy.

In 2017, TD Wealth surveyed over 1,600 affluent Canadians* to learn more about their investment behaviours, and assess financial literacy. TD analyzed the results with the assistance of the Rotman School of Management at the University of Toronto. Of the 800 women surveyed, almost half (46 per cent) achieved a “good/excellent” score (at least four out of five) on the financial literacy quiz.

* TD Wealth Behavioural Finance Report 2018. TD Wealth defines affluent Canadians as having greater than \$100,000 in investable assets.



Results across female demographics					
Scores	All	Millennials (Ages 18-34)	Gen X (Ages 35-50)	Boomers (Ages 51-69)	Pre-Boomers (Ages 70-87)
Poor (0-2)	23.1%	29.7%	17.0%	22.1%	24.0%
Average (3)	30.9%	31.5%	35.8%	28.8%	38.0%
Good/Excellent (4-5)	46.0%	38.8%	47.2%	49.1%	38.0%

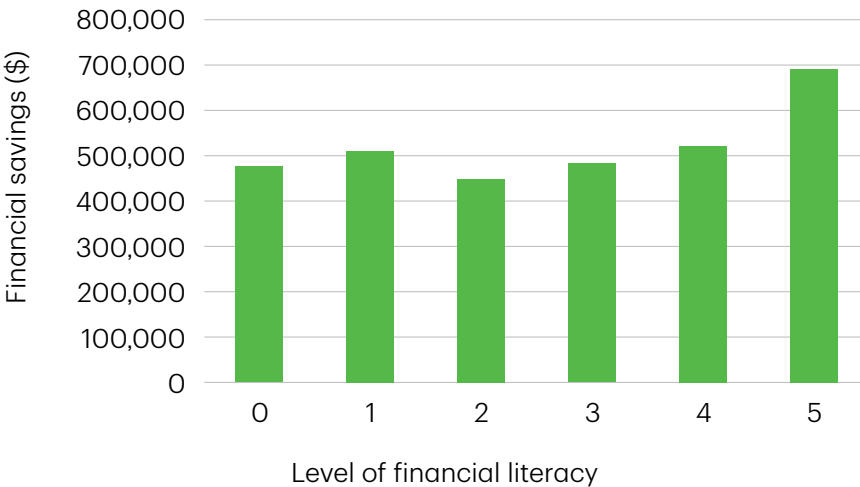
Source: TD and Rotman

Our study showed that financial literacy is connected to financial savings. Based on our survey findings, we believe that having financial literacy can help improve financial savings.



Strong financial literacy can help Canadians plan ahead and secure their financial futures.

The higher the financial literacy, the higher the financial savings



Source: TD and Rotman

But don't despair if you need to brush up on your financial literacy. We found that women who have more basic or lower levels of financial literacy also tend to have higher financial savings when they have a plan developed by an advisor.

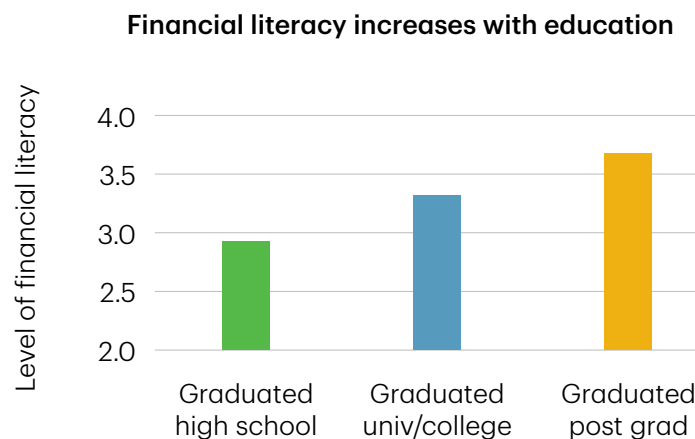


Women who develop a financial plan with an advisor tend to make financial decisions that are focused on their long-term goals.



Financial literacy is correlated with education

Our study also showed a connection between women who have higher levels of education and higher financial literacy. However, anyone can improve their financial literacy by reading financial news or developing a financial plan with an advisor, no matter their education level.



Source: TD and Rotman

Taking a long view

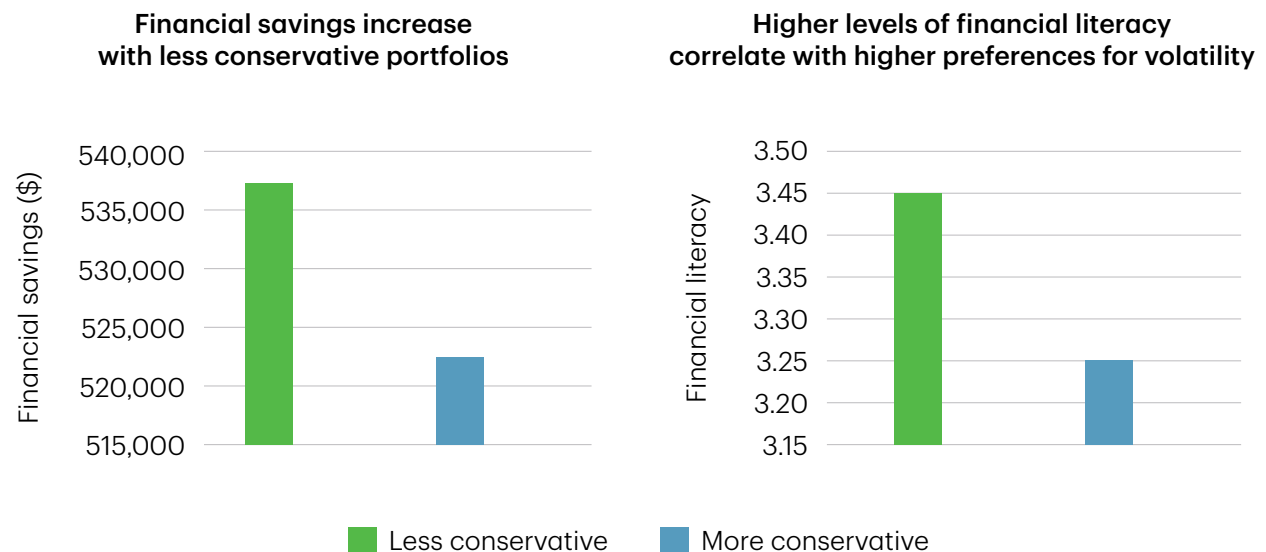
We also found a strong connection between financial savings, financial literacy and risk tolerance.

The women we surveyed who have higher financial savings were more willing to take more risk in their investments. This may be because investors who have strong financial literacy feel more comfortable taking higher risks for higher returns down the road.

Not surprisingly, women who are risk averse can be reactive to changing market conditions. Our study shows that women are more likely to be unnecessarily reactive to the market where they do not have a financial plan developed by an advisor. By the same token, women who develop a financial plan with an advisor tend to make financial decisions that are focused on their long-term goals.

The results are clear: there is a connection between financial savings, financial literacy and positive investment behaviour.

While it's important to invest according to your risk preferences, we believe improving your financial literacy will help improve your confidence in making informed investment decisions.



Source: TD and Rotman

Putting it all together

Based on the study findings, there's a direct correlation between financial literacy and financial savings in the absence of a financial plan. When women are more financially savvy, they are more likely to have a higher risk tolerance and take a long-term view of their portfolio.

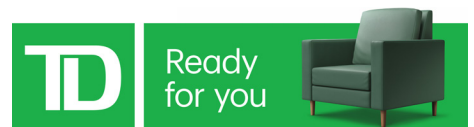
Regardless of your approach to managing your finances, it's important to build confidence and comfort in your investment and financial planning decisions.

The good news? If your financial literacy is not as strong as you would like it to be, an advisor can help you develop a plan that reflects your individual circumstances and goals. ■

TD offers a wealth of resources to help you strengthen your financial literacy, whether you manage your own investments or are looking to have more engaged conversations with your financial advisor. Visit [MoneyTalk](#) for articles and videos on breaking financial news and investment trends, and check out our live seminars and webinars designed for every skill level at [TD investor education](#).

You can also learn more by visiting the [TD Wealth](#) website.

Want to know more about our survey findings? Stay tuned for more articles coming soon. We'll cover topics such as the investment behaviours across female demographics and strategies to help you save for retirement.



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