THE WOMEN'S GUIDE TO SUCCESSFUL INVESTING

SECOND EDITION

ACHIEVING FINANCIAL SECURITY AND REALIZING YOUR GOALS

NANCY TENGLER

The Women’s Guide to Successful Investing

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Achieving Financial Security and Realizing Your Goals

Second Edition

palgrave
macmillan

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ISBN 978-3-031-38372-4 ISBN 978-3-031-38373-1 (eBook)
https://doi.org/10.1007/978-3-031-38373-1

Cover illustration: eStudio Calamar

This Palgrave Macmillan imprint is published by the registered company Springer Nature Switzerland AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Preface to the Second Edition

In 2012, when I first contemplated writing *The Women's Guide to Successful Investing,* I had just finished my memoir and secured a literary agent. After 20 years as a portfolio manager and Chief Investment Officer, I had retired, sought (and completed) a graduate degree in Creative Non-Fiction, and spent the afternoons enjoying my kid's sporting events. It was there I met so many intelligent, accomplished women: doctors, psychologists, MBAs, a periodontist, accountants, multiple law school grads and practicing lawyers, and a rodeo queen with a coveted degree from a prominent California university. Each was smart and confident. Except when it came to the family finances.

When these women learned I had a career as a money manager, every last one of them physically recoiled. "Oh, I leave our investments to my husband—it feels too much like gambling." "I don't understand the markets and I have no interest anyway." "I would rather put the money in a bank account—I'm a good saver."

I set aside the memoir, fired my literary agent, and began working on what ultimately became *The Women's Guide to Successful Investing.* If smart, educated women didn't feel equipped to invest or engage with the markets, what chance did any of us have of enjoying a successful retirement?

My generational cohort, the Baby Boomers, participates in the investment of their assets at a greater rate than Millennial women according to a 2019 UBS report. This is a grand disappointment. I would have expected improvements in engagement from generation to generation. Instead, engagement is moving in the other direction.

Add to that, the average age of a widow in the United States is 59 according to the US Census Bureau. And the average age of a US woman's first divorce is 30. Sitting on the investing sidelines is not an option.

I remind my clients regularly they should think of retirement as twenty years of unemployment—thirty if you are lucky. Understanding and participating in the management of your assets will ensure you achieve your financial goals for retirement, philanthropy, or your legacy. The statistics show that at some point 95% of all women will find themselves in charge of the family wealth.

As we will see, it's a fact, women naturally make better investors than men. But women tend to shrink from all things financial—even though we are diligent savers—and some thirty-eight years after I began a career in investing, I find the number of women in positions of leadership has hardly budged. So, this is my mission. And passion. I want to see you build confidence in the management of your finances and future wealth. I want to see you retire in comfort and if the time comes when you are widowed by a spouse like I was, or the dirty rat leaves you in a lurch or you never married in the first place you will have the wherewithal to navigate the turbulent times with minimal disruption and maximum reward.

So, this book is a must read for women of all ages—it is never too late to increase your investing IQ. The concepts are for you, your mother, your daughters, sisters, or a friend. *The Women's Guide to Successful Investing* will lay out a blueprint for success and this second edition will engage in new, timely topics and challenges that have presented since the original publication in 2014.

Incline Village, NV, USA
February 2023

Nancy Tengler

Preface

It's Time to Raise Our Investing IQ

A very long time ago, when I began working in the investment business, the activity was housed in the trust department of large banks. Our clients were the heirs to wealth most often accumulated by someone else. Generally, they were placid and uninterested in the investment process and had only a single overriding concern: receiving their monthly distribution check. Rarely did we meet with clients though we were responsible for the day-to-day management of their money. Investing, to borrow from an old political saw, was like making sausage—our clients seemed to think it better not to see how it was being done. So, of course, meeting with our largest client stands out starkly.

Mrs. H was a regal but spunky widow. She dressed impeccably down to the matching hat and gloves and carried herself with the air of a woman of the world. Mrs. H understood the power and importance of investing. She was interested in every detail we discussed about her portfolios. Most remarkable, she understood the importance of taking *enough* risk. Why did we need to own so many bonds she wanted to know? Why not more stocks? And though the first rule every investor learns is to diversify in order to spread risk, I had to agree her question had merit. Why didn't we own a greater percentage in stocks? They consistently outperformed the bond portion of her portfolios, and she hardly needed the income the bonds produced.

Mrs. H was a wonderful role model for women investors: generous, kind, adventuresome, and prudent. Prudent because she informed herself and in doing so understood the important role risk played in her investment portfolios. As a client, she was also extraordinarily rare. Few of my women clients subsequently understood the importance of taking a part in the management of their wealth. Much later in my career I resigned from managing the account of a wealthy young heiress who was so dangerously uninterested in how we were investing her funds (though she was entirely dependent upon the money); I simply didn't want her as a client. I had learned that clients unwilling to learn the basics were ultimately the worst—their instincts were entirely driven by emotion and therefore dangerous to their own wealth.

Annamaria Lusardi and Olivia S. Mitchell published a paper in 2006 on financial literacy. Their findings, while startling, line up with my four decades of managing billions of dollars of other people's money. Most people don't understand the most basic economic and investing concepts nor are they particularly interested in mastering them. In their review of the available research, Lusardi and Mitchell found that on a basic test administered by the National Council on Economic Education, American adults earned, on average, a C grade while high school students flunked entirely.[1] As women, we have a significant reason to learn about finance and investing—we tend to live longer. And because we tend to live longer, we will at some point be responsible for our own financial management. And presumably we'll also need more money than our male counterparts for retirement. Two professors at Colorado State University, Vickie L. Bajtelsmit and Alexandra Bernasek, published an academic paper exploring the difference between the way women and men invest.[2] The variance is primarily centered around a woman's willingness to take risk. Taking a conservative approach is definitely an advantage when investing but avoiding risk altogether is not. Risk is inherent in every aspect of our lives, but it seems more prominent and somehow more dangerous when we invest. Perhaps that is because we measure our results every single day. But the fact is over the long-term investing is not the risky activity. It's not investing that contains the most risk to our future security.

Join me in this adventure and you will increase your investing IQ. In doing so, you will begin to take control of your own financial future, creating wealth for you and your family. I know your plate is full with the daily business of living and that adding another "to do" seems impossible. But, ladies, our

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[1] Lusardi, Annamaria and Mitchell, Olivia S. (2006) "Financial Literacy and Retirement Preparedness: Evidence and Implications for Financial Education." University of Michigan Retirement Research Center, working paper.

[2] Bajtelsmit, Vickie L. and Bernasek, Alexandra. (1996) "Why Do Women Invest Differently Than Men?" Financial Counseling and Planning, 7, 1–10.

greatest strength is our strength; our ability to squeeze just one more thing into our day and to do it well. With intelligence, grace, and determination. As the former governor of the Great State of Texas Ann Richards once said, "After all, Ginger Rogers did everything that Fred Astaire did. She just did it backwards and in high heels."

Paradise Valley, AZ, USA Nancy Tengler
May 2014

Acknowledgments

If central casting were to select someone to portray the consummate literary agent, he would look and act like Sam Fleishman of Literary Artists Representatives. Sam was a gift to me during every stage of shaping the manuscript for the first edition of *The Women's Guide to Successful Investing.* His willingness to encourage and suggest and dig in with both hands is rare and deeply valued. Without his insight, the first edition would never have made it out of rough draft form. I missed his guidance while completing the second edition as he decided to retire a few months before I began drafting number two. Still, Sam's influence remains front and center in the following pages.

To my business partner and long-time friend, Arthur B. Laffer, Jr. my gratitude and undying affection. His ability to make me laugh at myself daily is so good for the soul in this crazy business and got me through the hours and days and weeks completing this book. I appreciate, very much, his wisdom and counsel. Lauren Mitchell has cleaned up behind my inability to organize and has managed my work life impeccably. She is gracious and funny and loyal and in this world those traits are hard to find wrapped together in one person. Her precious daughter, Aubrey, is a member of the future generation of women who will, I hope, show the investing world how it's done.

Tula Weiss, Executive Director, Scholarly and Professional Finance, Head of Economics and Finance at Palgrave Macmillan, has been a joy to work with. It was Tula's idea to publish a second edition. I am indebted to her.

Deborah Kostroun, Managing Director of Zito Partners, has been an invaluable guidepost for media strategy as I seek to follow my passion of raising the investing IQ of women around the country and the globe, for that matter. Her in-depth knowledge, creativity, and indefatigable spirit have been invaluable.

My mother, nee Siranooch Kanchelian, aka Tobie Caven who hard-scrabbled her way through the Great Depression, taught me how to work hard and save, by her life-long example. When she finally retired from her job (with Thursday's off for tap dancing lessons, of course) at the age of 85, she left a legacy of charity, hard work, and determination.

Finally, to my late husband, Doug, and my children Chip and M.K., who have lived the principles outlined in this book; thank you. Through innumerable dinner discussions and shopping trips where I checked the shelves and grilled the salespeople or critiqued the service, they have remained patient and bemused. And supportive always.

Contents

List of Figures

List of Tables

1

Wealth Accumulation is an Attitude: *Investing for Your Future Requires a Few Goals and Much Less Capital Than You Think*

This book is for women.

Which is not to say it is not for men. Anyone interested in achieving financial independence for themselves and their family will benefit from reading these pages. But my focus is women in particular, women who, for too long, have been left out of the financial dialogue or have, perhaps, excused themselves from the conversation altogether. Since many women oversee their family finances, this deficit in our financial education creates at best a lost opportunity for the balance sheets of most American households. And because the research shows that at some point in her life virtually every woman will become responsible for managing her family's wealth, we owe it to ourselves (and our heirs) to become more financially savvy.

Yet, most of us feel largely unprepared for the task. Three-quarters of women interviewed—no matter their level of education—told researchers they wished they had learned more about financial matters. And they confess to sending their children out largely unprepared as well.

Financial independence is achieved through two distinct disciplines: saving and investing. Equally as important and equally elusive, both are necessary ingredients to expand wealth. And that is our objective: to maximize wealth accumulation to reach your individual and family's long-term objectives. To that end, we will endeavor together to raise your saving and investing awareness. We will develop an understanding of how to successfully invest in

N. Tengler, *The Women's Guide to Successful Investing*,
https://doi.org/10.1007/978-3-031-38373-1_1

the markets through the identification and implementation of 12 Intelligent Investing Rules that will increase confidence in buying and selling stocks. In the end, we will inevitably raise our investing IQ and, therefore, our likelihood of achieving financial independence.

Cultivate the Habit of Saving

Many of us—whether we engage in the practice or not—understand very clearly *how* to save money. Whether we do so or not is a matter of discipline or, in some cases, a lack of income. The vast majority of Americans are capable of saving. They simply lack discipline. For many years, my lack of saving placed me at the head of that undisciplined mass of spenders. Having grown up in a home where my single mom worked two jobs, I learned to work, scrimp, and save from a very early age. By the time I hit my late twenties, I was ready to spend. Then, the children came and the myriad expenses of growing them up: soccer cleats, baseball gloves, swim goggles, golf clubs, piano lessons, more swim goggles, and then one day: college. Spending had become a habit; any instinct I once had for saving was long ago repressed by the habit (and enjoyment) of spending. I had saving amnesia and, worse, I found myself making excuses about why I didn't save. What was the point of stashing a few hundred dollars each month? I convinced myself it would make no difference.

INSET: *Two women aged 35 save $400 per month. One deposits her savings into a money market account at her local bank. The second woman sends the $400 to her brokerage account and invests the money immediately. Assuming a 3.30% interest rate (which was the prevailing money market rate in January 2023) and ignoring the fact that rates rise and fall the saver would enjoy a balance of $135,752.15 after twenty years. The investor, however, will enjoy a much higher balance. To calculate we assume the long-term average rate for the stock market at 9.0% over the last 100+ years. At the end of twenty years the woman who saved to invest would have accumulated $257,782, almost double the balance of the saver.*

Then, at some point, I re-discovered the literary classic *A Tree Grows in Brooklyn.* Francie Nolan's dirt-poor, immigrant grandmother provided a lesson in saving that shamed me back into the game. She counseled Francie's mother to save whatever she could manage—even pennies each day, "The money will grow." Soon, "there will be a small fortune." The practice of saving begets more saving and becomes a habit, and eventually, we find