



M&G Investments
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Raising financially savvy daughters

On the fourth Sunday of September each year, people from around the world celebrate International Daughter's Day, a day set aside to honour and celebrate our future generation of women.

The timing of International Daughter's Day is somewhat fortuitous here in South Africa, in that it comes just after we celebrate National Women's Month. During this time, we see a number of uplifting stories from various parts of the country, showcasing the many achievements that women have made over the years and the vital role they play in society. Unfortunately, some of these stories often highlight the harsh reality that many women still face, and the stark disparity that still exists between men and women, particularly when it comes to finances.

From a financial literacy perspective, studies have shown that women lag behind men and that their financial confidence when it comes to investing is somewhat lower. While there may be many possible reasons behind this, further studies suggest that today's parents are still less likely to educate their daughters about money than they are their sons. This could be an unconscious bias passed down over generations, where men traditionally worked and women stayed home to look after children. Yet in today's economy, only a very small percentage of the population can afford to live off just one income.

All of this makes it increasingly more important for young girls to be brought up to believe that they can have a successful career, earn their own income, and build their own wealth. We believe that raising your daughter to be financially savvy is one of the greatest gifts you can give her. In celebration of International Daughter's Day, we've put together some helpful tips to help make this belief a reality.

Set a good example

Kids model the behaviour of their parents, which includes how they handle their finances. This means that it's important for you to educate yourself first, so that you are in the best position to transfer basic knowledge about money and finances over to your daughter. But [don't wait too long](#) to start talking about money -- experts say that financial habits can begin to form from as early as seven years old. By speaking openly and honestly, and acknowledging your own money mistakes, you can provide your daughter with greater context and help teach her key financial principles. It's equally important for your daughter to see you involved in the family's financial matters and making purchasing decisions, as she will be more likely to follow your lead later on in life and find her own voice in financial decision-making.

Begin with the basics

Although effective money management can be a minefield, helping your daughter to first **understand the value of money** is a good place to start. From counting piles of coins and comparing food prices at the supermarket, to basic household budgeting as she gets older, keep learning as fun and relatable as possible, as all of these activities help to build better financial awareness.

Encourage your daughter to **set and achieve savings goals**, as this will help her to develop the ability to delay gratification and cultivate a long-term mindset. One way to motivate her to save is to zone in on what is important to her. For example, if your daughter is a keen tennis player, the cost of sporting equipment, kit and accessories can add-up quickly, but by asking her to contribute towards these

expenses, she will soon learn the importance of being able to budget accordingly.

Learning the **difference between saving and investing** is another fundamental lesson. Keep it simple by explaining that saving is a passive action referring to income that is not spent, whereas investing is about putting that savings to work so that she can make even more money from it.

Finally, ensure you educate your daughter on the ‘magic’ of compound interest, which, unlike simple interest, grows faster without her having to lift a finger.

Get her started on investing

Although financial markets might seem difficult to navigate, an easy and affordable way to access them is by opening a unit trust investment in your daughter’s name and gifting her with the practical opportunity of seeing her investments grow in value! If you are having trouble deciding which unit trust would be best for her needs, our **Fund Selector tool** can help you to find suitable unit trust funds based on her own risk appetite and investment time horizon. What you teach your daughter today about making good financial decisions and building her own wealth, is going to go a long way in shaping her future, which more than likely will have an impact on yours. In building a sound financial foundation, you are fast-tracking your daughter to develop healthy financial habits that will enable her to grow into a financially confident, comfortable and secure woman.

For more information on investing with M&G Investments, please feel free to contact our Client Services Team on 0860 105 775 or email us at info@mandg.co.za.