



Flash Report

Making Wealth Management Decisions as a Couple

When making decisions about your wealth and finances, how often do you and your spouse (or partner) work together as a team to arrive at a place where you're both happy?

Consider that spouses report higher relationship quality and stability when they feel they are both involved in financial decisions and processes.

With that in mind, here is a look at what you can do to better ensure that you and your spouse are working as true partners toward your most important financial goals.

Reasons to Work As a Team

There are numerous reasons why couples should be making a concerted effort to team up and work with each other to address financial issues that can significantly impact their lives. For example:

- **Stronger commitment to your goals.** Couples who set goals together and are on the same page are more likely to mutually commit to those shared goals.
- **A reality check in stressful times.** Even the best wealth plan can crumble if you panic during times of market volatility and uncertainty and make rash moves, such as selling out of stocks after they have plummeted in price. By acting as partners, you and your spouse can potentially help each other when one of you gets nervous and is tempted to let emotion override rational thought.
- **One of you will likely live longer.** Women generally have longer life expectancies than men do, so there is a decent chance that a wife will eventually have to deal with financial decisions without her husband, possibly for many years. Waiting until that moment to begin learning about and dealing with the family finances could spell disaster, even if the surviving spouse gets good financial advice.

- **Shared risk, shared responsibility.** Even if you are a math whiz and your spouse is not, the two of you should both weigh in on financial decisions. Otherwise, only one of you is essentially on the hook for any money mistakes that occur, opening the door to second guessing of the other, blame and resentment.

Tips for Working Together

If you are not currently consulting with your spouse on wealth management matters, or if you feel that maybe you could strike a better balance, consider some actions for more collaborative decision-making:

- **#1: Boost your financial smarts.** If one of you has less investment acumen than does the other, or at least *feels* that you have less, consider reading investment primers from reputable sources, then dive deeper once you are confident you understand the basics.
- **#2: Be willing to give up some control.** Effective mutual decision-making requires a willingness to collaborate and compromise. If you are the one in the relationship making all the decisions, ask yourself why that is and how you could better welcome your spouse's opinion about financial issues.
- **#3: Discuss your goals (shared and individual).** When was the last time you compared notes about what you both want from life? Most people's goals for themselves as individuals and as a couple change at least somewhat over time, so a check-in is a good idea. You can even make separate lists of big goals, rank them in terms of importance, and compare the results. Being clear on your various desired outcomes can potentially help both of you make better decisions and compromises. Your goals can also serve as reminders of why you take certain actions. Whenever you discuss a potential financial decision, consider whether it moves you closer to (or further from) your objectives.
- **#4: Clarify your respective tolerance for risk.** One spouse might feel comfortable with investing aggressively while the other favors a more conservative approach. This difference in risk tolerance levels can create tension when trying to make shared decisions about, say, the percentage of your assets to hold in equities versus fixed-income investments. Some considerations for coming to an agreement if the two of you have different risk profiles include:

- ◇ **Your wealth relative to your goals.** If as a couple you have already built more than enough wealth to achieve your key goals, you might decide to emphasize investments focused on the preservation of wealth. Conversely, you might decide that your wealth means you can afford to invest more in stocks and withstand any volatility.
- ◇ **The value of peace of mind.** Perhaps one of you is happy to live more simply if it means your net worth will not fluctuate greatly from year to year. If having that comfort is deeply important to your marriage, consider whether you are willing to adjust your own expectations in terms of portfolio construction.

There is no perfect answer here. The key is to have the conversation and arrive at a strategy you both can live with.

- **#5: Enlist your advisor.** A trusted professional can help you consider these and other crucial financial issues as a married couple and find a path to agreement. An advisor can also help you cut through any confusion so you can focus on what taking (or avoiding) an action would mean to your bottom line—and your peace of mind.

The upshot: Like marriage, managing money is a partnership. If you take steps to work well with your spouse when it comes to your assets, both of you can potentially find yourselves happier, healthier, and wealthier “so long as you both shall live.”

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