

Two for the Money

In a marriage or committed relationship, financial planning should be a team effort. Here's how to get both partners interested and involved.

BY KRIS FRIESWICK

Duane and Diana Scholl are the poster children for the power of managing family finances together. In 1978, they were 30-year-old newlyweds, terrified that one day they'd have a retirement like Diana's parents — dependent on the dribble that was and still is Social Security. They wanted what Duane's retired parents had, a comfortable retirement made possible by his mother's public school teacher's pension.

"We thought, 'That's what we need to do,'" says Duane, of Fort Bragg, California, "find ourselves a job with a company that has a good retirement plan." They both got jobs at what was then Pacific Bell, the telephone company spun off from AT&T's breakup. They both got pension plans. They both maxed out their 401(k) contributions. But that was only half of the equation.

"We decided that we both wanted to retire early and have a nice nest egg," Diana says. "So we started saving." With this joint goal firmly implanted in their minds, the Scholls walked the talk — they saved like crazy, amassing a million-dollar nest egg on two phone company salaries. The trick,



they said, was learning to just say no. No vacations. No fancy pool. No big expenditures. No credit card debt. No fun?

"We camped a lot," says Diana, who never had a honeymoon in order to save more money. "We never even took a real vacation until 1994. All our friends had all these toys. But we just kept saving our money." Because they were jointly committed to a shared goal, they could stave off temptation, and today, they're living their dream — a nice little house in a seaside community, yearly foreign travel, not much debt — and they haven't touched

their retirement investment principal, nor do they plan to. "We never thought we'd be able to do all the things we're doing," Diana says proudly.

Your and your spouse's long-term financial goals won't align themselves magically when you say "I do." Like many things in married life, it requires work and communication. And like love, financial planning is a lot easier and more effective if both partners are fully engaged. Still, there are many couples in which one partner would prefer to do just about anything than participate in the family's financial planning.

© DONNA RACER

Personal Finance

It's too bad. Experts say that couples who work together seem to be in better financial condition than couples in which one spouse shoulders the load.

The Silent Partner?

Historically, the responsibility for financial planning fell to the person who was bringing home all the money, which, until the last few decades, was generally the husband. As a result, a large percentage of pre-boomer wives had no idea where the family money was invested, or how to get to it if their husband died or made off with the secretary.

With the rise of women in the workplace with assets of their own to protect, that dynamic has changed. Today, financial planners say that a wife is just as likely to be driving the financial decisions as the husband. But there are still too many families in which one partner is doing all the heavy lifting. There are very few things that are more important to your long-term happiness than financial security — so why are many spouses opting out of the conversation?

Some people are just too busy. When Dick and Elizabeth Ward, of Tiburon, California, were just starting out as young marrieds, their three young children kept Elizabeth running so fast that she didn't have a chance to participate in investment decisions, so she left it to Dick, who, she adds, did a wonderful job.

"It wasn't that I wasn't interested," says Elizabeth, now 69. "It's just that I didn't have time to take on anything else."

Some people are intimidated by the complexity of finance. Others are afraid they'll screw up and lose money. Some believe that, as the non-breadwinner, they don't have a right to participate in decisions about where the money gets invested.

"If one spouse is a stay-at-home parent," says Lisa Kent, a Plainsboro, New Jersey-based wealth management adviser with Merrill Lynch's Global Private Client Group, "it doesn't mean they're any less entitled to guide the family wealth. The partner that runs the household should have an equal stake in the money."

Experts say that it's vital that both parties participate, even if one doesn't feel qualified, entitled, or interested. People in a relationship may have very different long-term goals, and even if the goals are aligned, they may have very different ideas about how to get there. Failure to include both viewpoints can lead to big problems in a relationship as well as a bad financial plan.

Ignoring Your Differences

Josh Estrin, who owns a business development company, and his partner of 11 years, Luis Pérez, a fitness consultant for a hospital chain, both based in Fort Lauderdale, Florida, have widely divergent backgrounds and goals, which made financial planning problematic. Luis grew up poor in Mexico, is fiscally conservative, and hopes to retire sooner rather than later. Josh comes from a wealthy upbringing, is more of a risk taker, and plans to work "until they nail the last nail into my coffin," he says. "We were looking at everything from different standpoints," Josh adds, "and that became horrendously painful." As a result, Luis says, "I just closed my eyes and let Josh drive."

The ramifications of letting someone else drive are profound. Lisa Kent had a wealthy client whose husband managed all the money. He died suddenly. The wife had no idea where any of the family assets were kept — the sad truth was that there weren't many assets left. The husband had left mountains of debt about which he'd never told his wife.

"This woman was so in denial about her situation that at one point they were ripping the ceiling and walls out of his office, looking for money that she was convinced he must have hidden there," Kent says.

"If you're the uninvolved spouse," says Eva Rosenberg, a tax and financial adviser who runs a website called TaxMama.com, "wake up, pay attention, and get interested. You don't know what problems your spouse may be dealing with and what burdens your spouse is shouldering if you're ignoring it all."

Wake-up Calls

Financial planners say they insist that married couples come in together for financial planning sessions, and if one of the partners looks uninterested, they engage them aggressively to find out what their hopes and dreams are — to make the planning process more personal and less theoretical. The same can work for a spouse hoping to woo an uninterested partner into the process. Unfortunately, for those committed to remaining uninvolved, a brush with mortality works like nothing else in helping them see the light.

Elizabeth Ward would often attend meetings with her husband and the family financial planner, but much of what was said went right over her head. She got her wake-up call when Dick was diagnosed with a benign brain tumor.

Put a little paradise
in your evening.



— Roy's Original Hawaiian Blackened Island Ahi —

"Hawaiian fusion that
sparkles on the plate."

— ZAGAT SURVEY

Roy's®

HAWAIIAN FUSION®
CUISINE

Throughout the Mainland and Hawaii.
Visit roysrestaurant.com for locations.

"When I was in the hospital," says Dick, who is fully recovered, "the hospital said to her, 'Will you please bring over his living will?' She had to struggle to find it. That's when the light came on big time."

"It was very scary," Elizabeth says. "We were both working hard, and you never think something dreadful will be coming down the highway. That's when I saw the need to educate myself." She now reads about finance voraciously and "exhausts" Dick with her questions about finance. Elizabeth is now much more involved, says their planner, Barry Taylor, CFP at Bingham, Osborn & Scarborough LLC in San Francisco. Bringing her hopes and dreams to the conversation has also broadened the couple's long-term goals to include more than a comfortable retirement. The couple has made plans to help their grandchildren pay for college, a dream that is near and dear to Elizabeth's heart.

"I was never able to go to college because of finances," Elizabeth says. "I wanted our grandchildren to never have to carry the stigma of being an unworthy person. That's why I was so interested in helping them." If she hadn't become more involved, this

Your long-term financial goals won't align themselves magically when you say "I do."

heartfelt goal would never have been realized, or even known.

Luis Pérez got his wake-up call when his father died. "I started to focus on what's going to happen when I get older, I decided to pay more attention to what Josh was doing," he says. As a result, Josh says that Luis now participates in discussions about investments and reads the prospectuses Josh brings home, rather than putting them in a drawer.

Luis also has very definite opinions about where the couple's money should and should not go. Josh, for his part, is learning that a newly involved partner can bring a few challenges, especially for the partner who is used to doing things his or her own way. Together, they created some rules of financial engagement.

"One of the things that we agreed on was that we would never have a fight about money," Josh says. "If one of us said 'absolutely not' to an investment choice, then the answer was 'absolutely not.'"

Having two financially involved spouses doesn't mean that both people have to be involved in every single decision. Often, as long as both know what is happening, a division of labor is the best approach. "Recognize your own restraints and limitations," Rosenberg says. For instance, one person may be better at stock picking, the other more organized about paying bills. "Don't try to change the other person. Just find a structure that works." ☺

Kris Frieswick is a Boston-based financial writer and a former senior writer at *CFO* magazine.



YOU WISH YOU WERE "HERE"

Southwest Airlines® knows a thing or two about hot destinations. After guiding travelers for 35 years, they know the country like the back of a napkin. Little Rock National Airport congratulates Southwest on this great achievement. We appreciate all you do, and especially your constant support for the state of Arkansas. We're proud to be one of Southwest's "You Are Here" destinations.

Arrive>Depart>Connect

LITTLE ROCK
NATIONAL AIRPORT