

The Sound Investor Series #86

The Valentine's Day Gift That Keeps Giving!

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Hopefully everyone enjoyed St. Valentine's Day yesterday and expressed affection for their partner with a special gift or a nice dinner. Now would also be a good time to show your everlasting love and respect by sharing your family's financial information with one another.

In most households, the man runs the finances alone and this means they need to share information with their wives. At the same time, wives need to be willing and cooperative participants. We all know dealing with money is a touchy subject, so this isn't easy, but it's crucial.

When it comes to money the book "Men are from Mars, Women are from Venus" comes to mind since most men and women have very different ideas about money. One writer said "For many women, money is a source of security; for men, it is a source of significance." Whatever the differences, your family needs to face these overwhelming facts.

1. In most households men take primary responsibility for the finances.
2. Women live around 5 years longer than men.
3. 90 percent of women end up running their own finances.

"Houston – we have a problem!"

Added to all this, our "parents' retirement" is a thing of the past. Planning and managing a retirement portfolio today is much more complicated. Most retirees will be living off their own resources and it won't be as simple as just making sure the monthly check covers expenses.

Men need to make a commitment to their wives well being, not just until "death do us part," but for their spouses' entire life.

Dealing with this problem requires couples to conquer a number of issues that have built up over time. To start, for a man to clearly explain the family's finances and long-term plan, he has to clearly understand the family's situation and have a plan. He may have some ideas in mind, but the plan probably needs more work and development before it can be clearly explained.

Another male issue is that it is almost always easier to do it alone and we like to make decisions unilaterally. In addition, it is convenient not to have anyone looking over our shoulder when we make a mistake or show poor judgment. Many men also feel finances are their responsibility and unless their spouse really shows an interest, they are going to suck it up and get it done.

On the darker side, some men avoid sharing just in case the marriage ends in divorce. Information is power and the less his wife knows about the stock options he just received, the better.

Women have their own reasons for not being more involved. Some are happy with the delegation of tasks and feel they are already doing their part. A few feel they have no aptitude for finance so they don't want to be part of the mix. And many women stay away just because they feel their husbands want them to (see above). But whatever the underlying causes, women need to understand the family's finances since someday they will likely be alone – and in charge.

There are no easy solutions and the first step is to recognize the problem and together make a commitment to deal with it. How do you move forward? Tackling the whole bailiwick at once will probably fail. So break the task into manageable pieces and deal with them over the next few months or even years.

Be sure to make a plan that fits your personalities since money is a very sensitive issue. I know from experience the discussion is bound to touch raw nerves and “code” words are used for feelings and frustrations built up over many years.

The biggest problem for the suddenly widowed is to know where all the financial records are kept and what they mean. One suggestion is for the “finance” spouse to prepare an annual Valentine's Day package for their partner. The first time this will take a little effort, but updating it every year should be pretty painless.

The package should contain copies of the following: (I suggest copies so they can be written on and kept in a handy spot, and not affect the other spouse's “perfect” filing system.)

- Bank and brokerage statements for each account
- Credit, ATM and Debit card numbers
- Pension plan information
- Insurance policies
- Wills and Deeds
- A brief cover note

One item in the cover note should suggest who your spouse might turn to for help. This could be a financial advisor or an attorney. If possible, however, a good family friend who can offer advice is the best bet.

Since many of us suddenly disappear without getting our “papers” in order the least we can do is provide our loved one with good and easily assessable record keeping. Finally, it is never a bad idea to include a small box of chocolates in the package to sweeten things up!

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