Investing with Your Spouse -- Partners or Opponents?

Partners can create a saving and investing strategy that satisfies their different personalities, goals, and willingness to take on investment risk.

Most couples don't agree on everything. When it's minor stuff, like which movie to see or what color to paint the living room, it can be easy to reach a compromise. But when couples disagree on money issues, compromising can be a lot more difficult. And that can affect everything from a couple's household spending plan to their investment strategy.

For instance, if one partner is a saver and the other is a spender -- or if one partner is less comfortable with risk than the other -- creating a saving and investing strategy that both parties can live with requires some effort. But don't wait until you are in the middle of a financial crisis to address money issues. Talking about finances and attitudes about money early in a relationship can help couples work out their differences or find ways to work around them.

Find Time to Talk

Plan a time to sit down with your partner and discuss your feelings about money. Your attitudes toward spending and saving probably have their roots in the ways your families thought about and handled their finances. Discussing your family's relationship with money can shed light on your feelings and help you understand your partner's position.

Investing Dilemma

Financial security is important -- but so is enjoying life. If one partner wants to invest every extra dollar while the other wants to spend it, you're going to have to compromise. One solution is to choose a realistic amount to invest toward your goals. Then set aside some money to spend on yourselves. Coming to an agreement that considers one person's desire for financial security without leaving the other partner feeling deprived can satisfy both the saver and the spender.

The Risk Factor

Different attitudes toward money often aren't the only problem couples face. You and your partner might have very different feelings about investment risk. One of you might be an aggressive investor with a high tolerance for risk, while the other is a more conservative investor whose goal is to preserve principal. The aggressive investor seeks to invest primarily in investments, such as stocks, with the potential for earning higher returns over the long term. But the conservative investor prefers fixed income and cash investments, even if it means earning returns that don't keep pace with inflation. If you're committed to sharing a single portfolio, how can you come up with an investment plan that satisfies both of you?

You could begin by asking your financial professional to help you work out an investment strategy that allows for growth while addressing volatility. Having someone who is objective and can offer useful suggestions might help you reach a compromise.

If Compromise Is Impossible

Even when you're both motivated, compromise isn't always possible. If you and your partner can't mutually agree on an asset mix, having separate portfolios might be the best solution. The partner who is more comfortable with risk can invest heavily in equities, while the more conservative partner can choose fixed income and cash investments.

Understanding and willingness to compromise are all it takes to turn investing opponents into partners.

As always, give me a call if you have any questions.

Sincerely,

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