

# Financial Services Group at Dean Bank

## **Couples: Divide Your Responsibilities, Multiply Your Financial Successes**

If you and your spouse are like most couples, you have clearly defined roles in your household. You know who's responsible for taking out the trash, cooking dinner, and/or writing out thank-you notes. But who's responsible for managing your household's day-to-day finances and investments?

The Hartford Financial Services Group, Inc. and the Massachusetts Institute of Technology's Age Lab interviewed 837 pre-retirees and retirees to explore couples' approaches to financial planning. Researchers discovered that participants fell into one of four financial management styles:

- 17% were “drivers” – the dominant financial manager;
- 19% were “passengers” – minimally involved or completely hands-off;
- 53% were “joined at the hip” – shared all aspects of financial management; and
- 11% were “divide and conquer” – took the lead on some aspects of financial management, and played a secondary role on other aspects.
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While the “joined at the hip” strategy might seem to be the most effective based on its definition, researchers found that the “divide and conquer” strategy is, in fact, the most effective approach to managing household finances. With this strategy, each spouse takes on part of the overall financial responsibility, and clearly communicates that role to the other spouse. Researchers found that one spouse handled the day-to-day finances, such as bill-paying, and the other managed the financial planning and investing. These couples were most likely to have prepared a contingency plan to assure the financial security of

the surviving spouse after the death of the other. These couples also stood out as better savers (38% had saved \$750,000 or more) and reported greater happiness in retirement.

You don't have to change your current financial planning style, but it's important that you apply what made "divide and conquer" couples more successful. Be sure to communicate effectively with your spouse, use a financial advisor to develop the best financial planning style for you, and work with your spouse to form answers to these three important questions:

- How would the death of one spouse affect the survivor's income?
- How would a healthcare crisis affect your assets?
- How prepared is the surviving spouse to manage the household finances when one spouse dies?

Regardless of what strategy you're currently using (or hope to use), make sure your financial plan incorporates the answers to these questions. Revisit your financial planning style over time with your spouse, and work closely with your advisor to make any necessary changes. You'll no longer have to question who's in charge of what, and you'll have a good handle on your day-to-day finances and investments.

**Discuss you and your spouse's financial planning style with Carl Scheinman, Manager of the Financial Services Group at Dean Bank. Call 508-541-5696.**

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