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# Teamwork critical to developing retirement plans

Advisers recommend that couples work together on finances

By **Darla Mercado**  
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All is not fair in love and financial planning, as advisers realize that the dynamics of a couple's relationship may hamper their retirement preparations.

Although financial research has previously looked at retirement planning from the individual client's perspective, couples behave as a single decision-making unit in which each member plays a defined role in the financial planning process, observed Joseph F. Coughlin, founding director of the Massachusetts Institute of Technology's AgeLab in Cambridge, Mass.

Mr. Coughlin's research group cooperated with The Hartford (Conn.) Financial Services Group Inc. on a recent study called "The Power of Two," which surveyed 837 married people between ages 45 and 74. Based on this research, three distinct planning styles among couples emerged.

Couples who had a "driver" and a "passenger" — in which one person took the lead in the financial matters and the other was minimally involved — made up 36% of those surveyed. Fifty-three percent of the couples were "joined at the hip," making all decisions together, while 11% were "divide and conquer" couples, who delegated duties so that each partner led some of the financial aspects and played second fiddle on others.

These planning styles and the obstacles they entail often make the adviser a mediator who listens to both sides of the argument, said John Diehl, director of the Retirement Solutions Group at The Hartford.

"Financial advisers can play that role of facilitating communication between the one who pays the bills and the one who does the planning," he said. "We're often ignorant of what the other half is doing."

## DIFFERENT ROLES

The study revealed that clients who divided their financial lives so that each managed different aspects of the planning process were most likely to have their retirement under control: 45% of such couples had a contingency plan in the event of a spouse's death. They were also the top savers, with 38% of them saving at least \$750,000 for retirement.

The "divide and conquer" approach lets individuals focus on the aspects they handle best, said Mr. Coughlin.

Advisers agree that the couples who split the duties handled their plans the best, especially in cases when the partners have different planning styles.

"I had a client who wanted to move things in and out of different investment categories, but his wife bought into asset allocation and traditional money management," said Holly Carroccio, a financial planning and investment specialist in wealth management at Nexus Advisors LLC, a Dallas-based firm that manages \$100 million.

In the end, the husband cordoned off some of his assets to invest on his own, while the wife managed the strategic financial and estate planning. "They have disagreements in philosophy, but they're able to reduce the stress and conflict by separating duties," she added.

Historically, male clients have held all the financial keys, leaving wives unaware of the couple's finances. This becomes a problem if the husband passes away suddenly, advisers said.

"Chances are the woman is going to outlive her husband," said Peg Eddy, president of San Diego-based Creative Capital Management Inc., which manages \$200 million. "These wives have a bull's-eye on their forehead and will be taken advantage of," she added.

Today, by contrast, advisers find that assertive female clients rule the household finances.

"Thirty years ago women moved from their father's house to their husband's, but now I'm seeing educated women who run everything," Ms. Eddy said. On one occasion, a married couple came in for their first session and was asked if the husband had a cafeteria plan at work. "I bring in my own lunch," he replied. His wife had taken care of his employee benefit paperwork for him and chimed in that he was already signed up, Ms. Eddy said.

## CASUAL RELATIONSHIPS

Building a more casual relationship with the less-involved half of the couple is the best way to keep that person involved, rather than asking him or her bluntly how finances would be handled if the spouse died, said Ms. Carroccio.

"I've been working toward having lunch with these spouses, so that we're building a relationship on a social level and not on a financial one," she said. "It's okay not to use the shock value and the hard-hitting facts then."

Still, tough love is the best when it comes to getting the quieter clients into the fray, Ms. Eddy said.

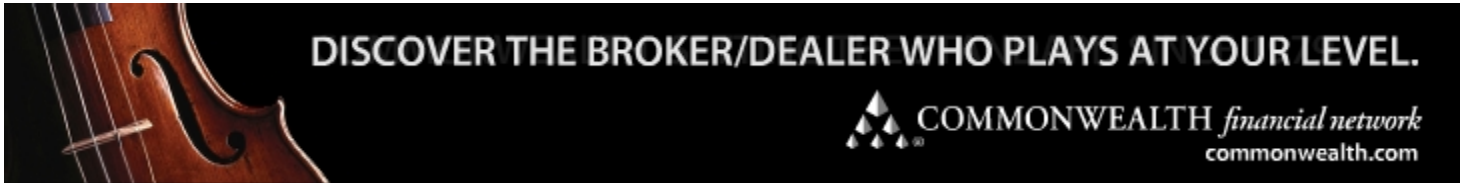
"I like to get them up to speed," she added. "I'll relay some horror stories of situations where the spouse was left high and dry, where I'm sure they wouldn't want that to happen."

"Everyone has to be on board, because if one person is apoplectic and doesn't buy into the plan, he will sabotage it," Ms. Eddy said.


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