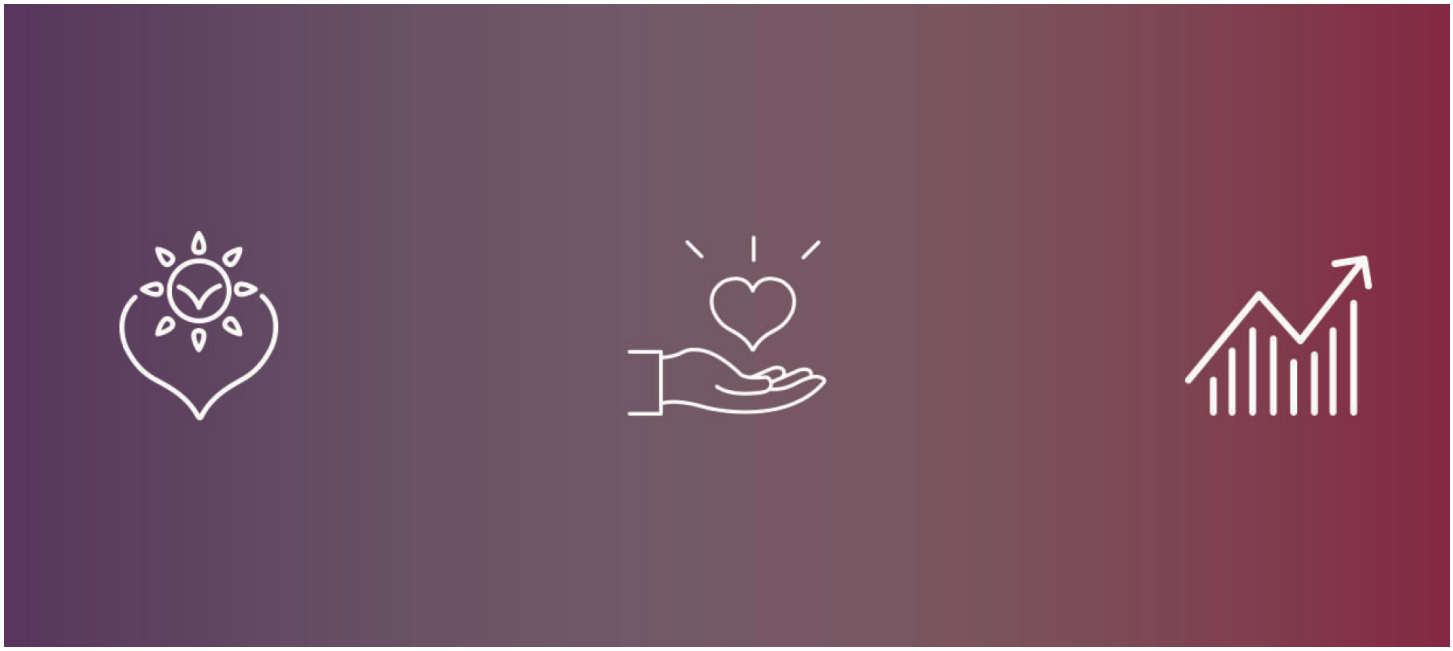
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Aligning Values with Investments

By Kathleen Burns Kingsbury

On the ride home from a meeting with their financial advisor, Sophie tells her husband Rob that sheâ??s been thinking a lot more about how their money is invested. â??Getting a good return is nice, but I also want us to make sure we consider the bigger picture.â?•

Sophie starts by explaining to Rob that she doesnâ??t want to invest in companies with a reputation for being carelessâ??whether itâ??s with employees, the environment, or with her personal data. â??I want to make sure weâ??re not enabling the wrong organizations.â?•

â??What do you mean?â?• said Rob.

â??I think how we invest mattersâ??or at least it should,â?• she said. â??Iâ??d like to go to sleep at night, knowing weâ??re not invested in companies that do objectionable things, like pollute the environment, exploit workers, or kill animals. Donâ??t you agree?â?•

Rob thinks Sophieâ??s suggestions sound like nice ideas but wonders if it makes financial sense. â??It would be nice to know that the companies we own a piece of are doing the right thingâ??or at least arenâ??t doing the wrong thing. But we also need to make sure we are getting a good return.â?•

An Important Discussion

Talking about personal finances, including how to best invest your wealth as a couple, can be challenging. In fact, almost half of Americans would rather discuss religion, politics, or dying than personal finance with a loved one. Like Sophie and Rob, you may find it difficult to discuss and resolve financial differences and the many questions that need to be answered when jointly investing.

How do you make investment decisions together? Do you solely look at financial return on investments, or do you also factor in nonfinancial returns such as your core values, the environment, and responsible corporations? And when there is a difference in mind-sets, how do you design a portfolio that respects and appreciates both of your goals and objectives?

Finding the answers to these questions may not be easy, but they are a key part of the financial planning process. So make a commitment to engage in this important dialogue with your partner. In doing so, you will increase the financial harmony in your home, improve your relationship, and help your advisor develop a strategy and plan that meets both your needs. The following are a few tips for talking with your partner about values, investments, and making decisions together.

Focus on Shared Values

Begin by focusing on what you two have in common, not your differences. By first highlighting areas of agreement, you set the stage for acting as a team in deciding when, where, and how to invest. Begin the dialogue by asking your partner to name two or three core values and how these principles are honored when making monetary decisions. Listen carefully to the response before sharing your thoughts or reactions. The goal of this part of the conversation is mutual understanding and finding shared values that you might use in the context of investing. For example, Rob and Sophie both value friendly environmental practices and gender parity. They got stuck on where they differâ??how much to factor these values into their portfolioâ??and lost sight of how much they agree on core issues.

Understand Key Gender Differences

When it comes to how people invest and think of wealth, gender often comes into play. Gender differences are based on research, and there are always exceptions to these findings, but appreciating your partnerâ??s gender lens can be helpful in understanding his or her investment selection criteria. Ask your partner for their definition of wealth and how they evaluate risk. Notice any variations in your viewpoints that may be influenced by your genders.

Sophie, like a large percentage of women investors, views wealth more holistically. She wants to invest her money in a socially and environ-mentally responsible way. Financial performance is important, but not the only factor in her decision-making process. Robâ??s perspective is indicative of the more traditional male investor. He values financial performance over other investment objectives. Neither of these gender lenses is wrong or faulty; they are just different.

Define Investment Success

It is common for partners to define investment success using different criteria. Different risk profiles, money personalities, and experience with investing all factor into the equation. Ask your partner to tell

you about his or her biggest financial success and what they learned from the experience. Then inquire about his or her greatest financial mistake and what lessons he or she learned from this experience. Remember to suspend any judgment and simply listen to his or her responses.

Once you have each had a chance to explain your history and definitions of success, create a joint statement that spells out the types of success you want to include when evaluating your portfolio. Sophie and Rob did this exercise and discovered that together, their definition of success was more robust and factored in both values and performance.

Celebrate Diversity

It is rare that two partners or spouses agree on all aspects of investments. Stop trying to convince your partner that your way is the best way to proceed. Instead, take a deep breath and ask for more data. Your diversity is not a sign of weakness; it is actually your superpower. For instance, Sophie takes longer to make an investment decision, takes calculated risks with her money, and is very philanthropic. Rob is aggressive in his approach and, therefore, tends to tolerate more risk. If they capitalize on these differences, they will create a diverse portfolio that is likely to perform better in the long run.

It is not always easy to communicate about finances, but it is a valuable skill that brings with it positive rewards. For Sophie and Rob, what started off as a financial conflict ended in a meaningful money talk about core values, risk and rewards, and the purpose of wealth in their livesâ??all worthwhile topics no matter how they decide to invest in the future.

Have questions? Need help? Call the CAPTRUST Advice Desk at 800.967.9948 or schedule an appointment with a retirement counselor today.

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