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JIM: As a couple, one of the keys to being financially comfortable is to have open communication and working as a team. Joining us today is Kathleen Burns Kingsbury who's going to share with us how to break what she's coined the money silence between couples to help them have a not just comfortable financial, just a happier life in general. She is a wealth psychology expert and founder of KBK Wealth Connection, the author of several books, as well as a columnist, Investment News and the Wall Street Journal, and has spoken around the country, and she's here today to give us some advice on how to have the money talk.

Welcome, Kathleen.

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KATHLEEN: Thank you. It's exciting to be here today.

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JIM: I am really looking forward to this because this is a topic near and dear my heart. I believe communication is one of the keys to, not just financial success, but just being in a good spot, especially as a couple down the road if something were to happen where one passes away and if that's the one that took care of I finances, but I think it also can help strengthen the couple when they're making these decisions and these plans together for each one of them to have their input. They can both buy in, and I think the results of success are going to be that much greater.

One thing that I heard awhile back is there are statistics that when one spouse passes away, the odds of that surviving spouse staying with their financial advisor is like 20 or 30% that they stick around, so in other words 70% or more leave, and I got to believe if they're leaving because they weren't involved in those financial decisions, that that can put them in a pretty vulnerable spot, searching for a new financial advisor, probably at a time where there's probably a lot of assets there to be protected.

How do you feel about that communication, and how do you think the lack of communication impacts couple's financial lives?

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KATHLEEN: Well, you raise a really good point, when somebody is grieving they are not at the best place in their life to be taking over the couple or the family finances. They certainly need to focus on the emotional aspects, and so if they don't have a great relationship with their advisor that is often the time that they move and you do have that statistic correct.

I think the dilemma becomes really not being in a great emotional space to be able to pick a new person or to be really swayed by somebody else who's well intended, a son or daughter or a friend who's really trying to help you, so it is an opportunity for advisors but it also is a challenging time for clients.

What I call this lack of communication, I call it money silence, and I think money silence runs rampant in our society, and basically by that I mean couples who will discuss absolutely everything about their lives except for really openly and honestly discussing their finances, and not just the numbers but how they think and feel about their finances, and I think it does have a negative impact both on the couple as well as society, and just very quickly I think for a couple, having those conversations together can really help you understand your partner, feel closer to your partner, and for you and your partner to be kind of team members.

I think as a society what ends up happening because of this money silence is that often couples aren't raising financially fit children because they don't talk about money between themselves, so they aren't clear as to what they want to communicate to the next generation, and in some cases families who have wealth actually don't successfully pass down that wealth over a couple of generations because of that lack of communication and preparation of the next generation.

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JIM: You brought up so many good points and I see it as a financial advisor, the issues that are created. I think the one statistic I saw awhile back is when they look at the divorce rate, I mean, we've heard again and again how the divorce rate is something like 50% in America, and I've heard the number one reason for divorce is financial reasons. Have you seen that?

03:47

KATHLEEN: Yes, actually first marriages it's 50%, if you're married again you would think it would get better but it actually gets higher, your chances of getting divorced are 60%, and it just gets higher. Where money I think intersects is it's a big part of a couple's life, whether they're talking about it or not, and money conversations or conflicts can both be just that, money conflicts, but they also can be symbolic of something else that might be going on in the relationship, so it's really great to be able to find an advisor who's willing to meet with both partners and to also as a couple make a decision that even though may not be the highlight of your year to go meet with your financial advisor, but that it is really, really important, and so making that time to go in and see the advisor together.

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JIM: I find in my personal experience, there are some members of these couples that just want nothing to do with this, and I know early in my career I recognized the problem of both partners not participating together in the decision making and the planning, and it really negatively impacts when that decision maker or planner that was involved in all the decisions, if something happens to them and the other one doesn't have a clue, my God they're in a vulnerable position, and I decided early on I was going to get my wife involved, and I'm in the business, I understand how this stuff works, but I wanted her involved to a point and she was one of those that, you're in the business, you take care of it, but I wanted her to have an understanding so that if something were to happen to me she'd at least have a starting point and an understanding what to do.

I also made it a point to find who would be my successor to advise her. I have given her some different names to think about, using this person or this person, find someone that you're comfortable with, but I think that's all so important from a spending side, from an investment side. So many couples don't have a clue where they're spending money. They don't know what each other is spending. I've sat at these tables and you get them both involved and sometimes you can cut the tension with a knife when getting into these talks about money.

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KATHLEEN: What's interesting to me is that there are different money personalities, and we tend to marry somebody who doesn't have the exact money personality that we have, so for instance if you're a saver and you're the one who is the financially dominant one, you typically will be the one who meets with the financial advisor or initiates those things, whereas if you're married to somebody who's a little less focused on money and/or some personalities actually avoid dealing with money altogether, that be often can be tricky.

In couple life, right, we all divide and conquer, we don't both take out the trash. We don't usually both do the dishes, I mean, we may take turns, but when you divide and conquer around your financial life what you're raising, Jim, is so important is that it can have serious consequences. I said to people, it's one thing to have one of you take out the trash because the implication isn't so severe if the trash doesn't go out or if all the sudden you need to do it, but if you're really delegating your financial security, even if you love and trust that person, it does place you in a vulnerable position, and in addition to that, even if you're not the financially dominant partner, you have a different perspective and that perspective is really valuable. It's valuable for your partner to know and it also is extremely helpful for a couple friendly advisor to know, so then they can make financial plans, investment strategies, and recommendations that actually make sense for both of you, not just one of you.

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JIM: The other thing is too, for these financial plans to come to fruition it's like any team. If you've got a bunch of team members that are all doing their own thing, that team isn't going to go anywhere. To have a buy-any always call it, if you're going to be going towards some type of goal, whether it's retirement and how is that combined, because I've had many couples where one wants to retire at 50, the other wants to retire at 60, they never talk about it but, boy, that one that wants to retire early if they're not in a financial position to retire early and then they expect the other one to keep working, oh, my God, it's, it can be very interesting having those conversations.

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KATHLEEN: Well, it's also easy, right, it's easy as a couple to kind of go on in your life and just kind of do your daily stuff and not really think about retirement or the vision of the next kind of phase of your life, but you are right, and that's why I think it's really important for couples to have these conversations, and research shows that they're not having them without some sort of help, and when I say help it's just like having an advisor to meet with you periodically is a great safe place to be able to do that, just like we sometimes meet with a nutritionist or meet with a doctor because that's a time where we actually take out of our schedule to pay attention to our physical health.

It's very similar, and I think in our society one of the things we just need to learn to do is that even though in the beginning it might be uncomfortable as a couple if you're a couple that doesn't talk about money, that ultimately it won't be so uncomfortable, and dare I say, because I've had this experience personally, it might even be enjoyable.

08:21

JIM: Wow.

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KATHLEEN: I know, crazy.

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JIM: Speaking from my perspective, I do believe there is such a better result, maybe you see this in your background. There's usually a lot of stress involved when it comes to financial issues. I saw one survey that said, what's the greatest fear, and for under 65 the greatest fear was talking in public, and for over 65 it was running out of money.

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KATHLEEN: Wow.

08:44

JIM: And if people have these fears, they don't have a plan, that creates stress and I always tell the couples if we both get together and everybody is on the same team and now we have a plan that you've planned together and can agree on, all the sudden that stress melts away and you're happier and you sleep better at night. You're both together going in the same direction, it can really be a freedom from that stress by just taking the time and getting it done, and I think too many couples just never take that time.

09:12

KATHLEEN: Well, and that fear of running out of money, I mean, it can be a real fear, that maybe there's some real work that you need to do in order to take care of yourself in the later years, or it actually, especially for women, can be an incredibly irrational fear, and irrational isn't meaning that you shouldn't have it but it often for some women who have the assets and have the net worth or have the cushion, it's really kind of an emotional concern that isn't necessarily logical. It may stem from the way they were brought up or when they saw their mother go through, so having a place and being able to talk about it, again initially can be uncomfortable but ultimately like you're saying, if you take a team approach can actually really kind of give you that peace of mind, and I love that word team because I think couples who figure out how to work as a team, that isn't working the same, but bringing each of their strengths to that team, really do do a better job of taking care of their financial lives.

10:01

JIM: And I think staying married is probably one of the most secure financial things people can do, so this is a big key to staying married is having those communications about the money.

We're going to take a short break. Let's continue this conversation when we come back.

[BREAK]

11:14

JIM: Welcome back as we continue to visit with Kathleen Burns Kingsbury who is a wealth psychology expert and founder of KBK Wealth Connection as well as the author of several books. I know you speak around the country on the subject, you've written columns for the Wall Street Journal, Reuters, Investment News, and I think this is a subject that probably isn't covered enough. You've got all these financial experts talking about what the markets are doing and all that, but nobody's really talking about the real issue of having a plan and planning it together, and many couples do fight about money, so what tips do you have for couples just to talk more effectively about money and how do you avoid getting into those fights?

We had a guest awhile back, she talked about financial infidelity. They might be spending some money here or there that they're not telling their spouse about, so it's uncomfortable, so it's easiest just to push it aside. So what tips do you have for couples to avoid that conflict and those fights?

12:09

KATHLEEN: If there are conflicts, couples need to realize that conflict in a relationship is actually healthy, just having a different point of view and working at understanding each other. The other thing going into this couples need to realize is they may not have a road map for how to do this, it may be that their parents didn't talk about money or their parents didn't talk with them about money, to be very kind to yourself when you're starting this process as a couple.

I would start by focusing on successes, set a time aside, a short time, so I'm talking 15 minutes, you say we're going to have a money conversation, and you each start by answering the question, what is one of the greatest financial successes you've had and what makes you proud of it. We are so used to as couples pointing fingers and saying what somebody else did wrong or feeling shameful about our relationship with money, that by starting with what are the aspects of my life that I do really well at money. It doesn't have to be huge, it doesn't have to be like I'm a huge investor, it could be, you know, I've always paid my bills on time, so it can be small, so start with the successes. You have a limited time frame, and then to repeat these conversations each time going to something that's a little bit higher risk.

There's something called money scripts, so how we think and feel about money impacts how we actually then save and invest, so money scripts or another word for it would be a money thought or belief, might be another place for couples to start because basically you can answer questions such as what's one lesson your parents taught you growing up about money and how does it help you today, so each partner takes a turn listening to each other, hears what they have to say, and here's the hard part that's a trick, you have to really listen to your partner. You have to really try to understand their perspective and not judge.

It's not about your partner talking about what their parent taught them and you saying oh, that's wrong, it's you saying oh, that's really interesting, tell me more about that, and then you each get a turn and you start to understand, okay, now I know why my husband or wife does this particular behavior, it's because she grew up thinking that's what she's supposed to do or he's supposed to do.

The first thing is to start by focusing on successes, to set a time limit, to then move to talking about money beliefs. The other thing to do is to suspend judgment. It's not about being right or wrong, that healthy conflict is actually about being understood, and if you're able to do this in 15-minute little intervals, maybe once a week, once a month, whatever it might be, reward yourself as a couple. Say, you know what? We did a really great job, let's take a walk, let's have some fun, let's have a date, whatever it might be, and if for some reason you aren't able to practice these tips, to do these small conversations, that it blows up or it just becomes really heated, that is a time where it really makes sense to enlist a financial advisor to just mediate those conversations, to help that dialogue get started.

Once you learn the tips and tools of how to really listen to each other and how to try to understand each other, what will happen is the financial tension will go down and you will start to gain an understanding. This doesn't mean you're going to agree on everything, it just means that you'll start to understand your partner a little bit more and yourself a little bit more, and that ultimately makes each of you health year around money individually and together, so those are the things that I really recommend couples think about and start doing.

15:07

JIM: My wife and I attended a weekend couples retreat. They were talking about feelings. You talked about with money, it's the exact same thing they talked about with any issue. Feelings aren't right or wrong, it's what they are. I think us as couples, if we recognize that and it's not about proving which way is the right way or wrong way, there could be many different paths that lead to the same result, is having that listening power can make it a huge impact, and I find myself with a lot of couples where there is some conflict. It's easy being someone that's not necessarily needing to take sides but sometimes couples get so fixated on this issue or this issue, that we need to do this and the other one wants to go a different direction and do something over here, there may be something else like I'm thinking a budget item. Maybe one of them wants to go on vacation every year and the other one says no, we need to save it for retirement.

A lot of times they're so set on those things that they can't see the forest through the trees, and maybe they can do both or maybe they alternate vacations every other year and they still can retire comfortably, or maybe they can eliminate something they're spending money on that neither one of them is really that passionate about, but you can accomplish getting the things that are really important to them by just working through it.

I always look at myself as a coach. I'm not there to be the ultimate stock picker, I'm there to guide them through their plans, to be their financial coach, and if you don't have both of them on the same page I've just seen it time and time again, working together as a team, the results are always better.

You talked about something in the beginning of the program, then that reflects with the kids, down to the grandkids. I mean, we've seen the statistics that the odds of family wealth passing down two generations and down to the third generation, it just doesn't happen, and it all comes back down to this communication, and if you have a team as a couple and you've made decisions together and you can share that with your kids and how it's been done, the ramifications are just huge and the benefits are huge.

Are there any last points that you'd like to make that you can give some couples advice on either getting started or maintaining this process?

17:10

KATHLEEN: Sure, and I just want to make a quick comment as to what you just shared is that finding a couple friendly advisor, one that can play that role of being a neutral yet educated party, is so important because even if you're the best communicators it really does help having somebody else on the team that's outside of the emotions or outside that couple dynamic, so I think that's a really important point that you make.

I would encourage couples to actually go shopping for financial advisors together. Often we once again divide and conquer and say, oh, you go find it, or the person who's most worried about retirement finds the advisor, so I encourage couples to either do a review of their current financial advisor together and/or if they don't have one yet, to start looking together, and so there are a couple of things you can do. Independently, each of you make a wish list as to what's important to you, so maybe the husband really wants to see a certain type of certification, a CFP, CFA, those are all initials they throw around in the field, but basically he wants a certain type of credibility, and not to say that the wife doesn't but maybe she's like, you know what, the last person we worked with didn't really listen the way I wanted them to listen, or seemed bothered when I asked questions, so maybe on her wish list is, I really want someone who will be okay with the fact that I'm going to ask lots of questions, and then from there you either have a conversation with your current advisor about whether he or she can meet that expectation or if you're interviewing, interview a few, and have both of you interview them and then not make a decision in the moment.

My sense is that any advisor who's couple friendly will tolerate and maybe even like the fact that you two as a couple are trying to figure out what's going to work best for us and who's going to be the best fit for our team, to use your language, Jim, our team as a couple or our team as a family, and then each year when you meet with your financial advisor going forward, do a quick review, not only how are we doing finally but as a relationship, how are we communicating, is this working, what else do we need.

I work a lot with advisors, but I think clients need to be really proactive in terms of how they're going to take care of themselves in that relationship, but it is a relationship, so it's not just up to the advisor to be couple friendly, it's also up to the couples to actually advocate for themselves, just like you might do with a physician. Today even this conversation is really exciting because what you're bringing to your audience is the idea that this is something that is worthy of time and attention, and so I really encourage out of all that we have talked about today, anybody who is listening, just pick one thing you're going to work on or bring up with your partner, and go from there, and eventually, and this is my big lofty goal, eventually I think there will be a couple's revolution and the money silence in our society will go away and we'll all just be much healthier around finances.

19:48

JIM: Before I let you go, are there any resources that you have available if someone is looking for more information?

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KATHLEEN: Absolutely. Probably the two best resources for clients, I have a workbook Called Creating Wealth from the Inside Out workbook, it's on Amazon. It's also on my web site which is KBKWealthConnection.com. I also have developed a deck of cards that helps couples have conversations, and so these are the money scripts I'm talking about, very small deck, it's very affordable. Once again you can go to my web site at KBKWealthConnection.com and take a look at those cards and that might be a fun little tool to be able to use.

The other thing that I have that is more for advisors but certainly I think couples could benefit too, is I have a free blog that goes out once or twice a week depending on how much I feel like writing, and you can certainly check that out as well.

20:35

JIM: We'll put a link up for people that want to go to Amazon for your book, so you can go right on the site here and order that book if you'd like. I'd encourage anybody to check that out. I know that if you take the time with the process as a couple to do it, you'll also save a lot of time and headaches because if you're both on the same page, review meetings go a lot quicker, it's a lot easier to make the minor adjustments, but if we're always at each other's throats so to speak and we're not coming to a consensus, we're not going to get very good results in the end, so I think everybody wins by working together as a team.

Thanks so much for joining us today, Kathleen.

21:11

KATHLEEN: Thank you.

21:12

JIM: Thanks for joining us this week, and tune in again next week as we explore another phase of the Real Wealth process, and remember if anything you heard in today's show you'd like to get more information about, contact your Real Wealth advisor. Also if you feel that any of this information would be helpful to a friend or family member, just click the Forward to a Friend button.