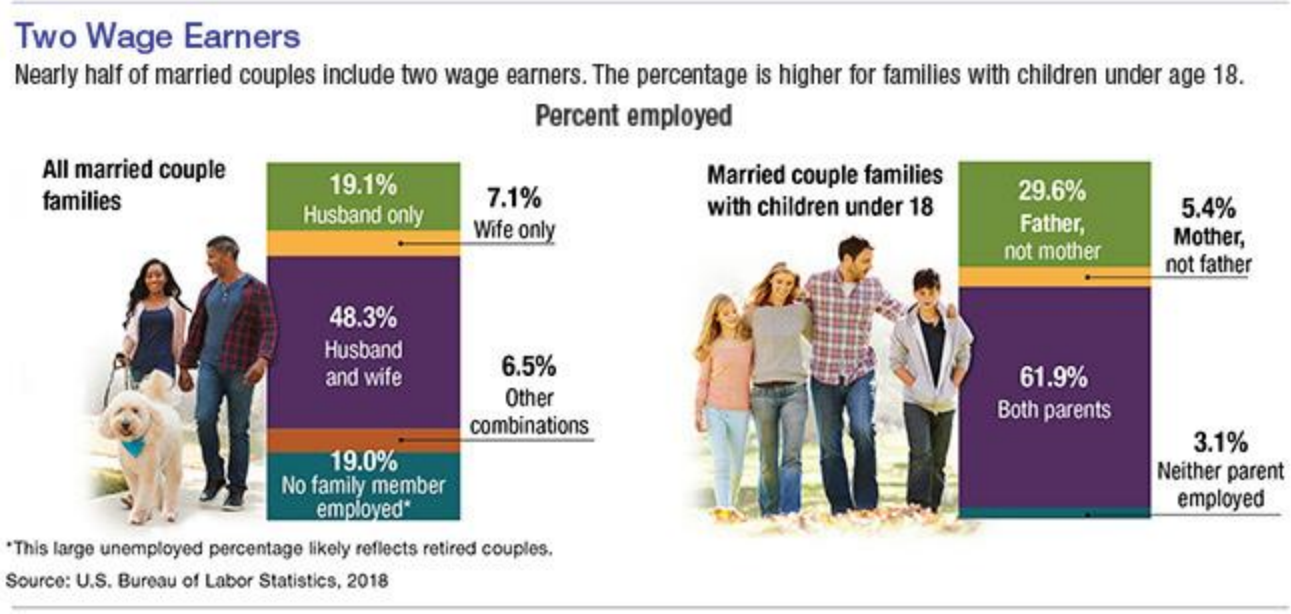
Taking a Team Approach to Retirement Savings

Now that it's common for families to have two wage earners, many married couples accumulate assets in separate accounts. They might each have savings in an employer-sponsored plan and perhaps one or more IRAs as well.

Even when most of a couple's retirement assets reside in different accounts, it's still possible to craft a unified savings and investment strategy. Communication and teamwork are good for a marriage in general, and working together could help create a stronger financial future.



Mars and Venus

Research has consistently shown that men and women have different investment approaches. Individual strategies vary, of course, but in general men tend to be more aggressive and trade more frequently, while women tend to be more methodical and embrace a buy-and-hold strategy.[1]

Over the long term, women may be more successful investors — one study found that their returns outpaced men's by about 0.4%, while another found a difference of 1.2%.[2] But women do not invest as much or as early in their lives and may be overly cautious. A recent survey found that women keep more assets in cash than men do, which will result in the loss of purchasing power over time.[3]

Shared Strategies

These differences suggest that a married couple might have much to gain by discussing their goals and philosophies for savings and investments, and by considering their accounts holistically. This does not mean that every decision must be made together. But it could be helpful to look together at the larger picture.

Owning and managing separate portfolios allows each spouse to choose investments based on his or her individual risk tolerance. Some couples may prefer to maintain a high level of independence for this reason, especially if one spouse is more comfortable with market volatility than the other. Employing different investment strategies might also increase the diversification of family assets as long as the approaches are not completely contradictory.

On the other hand, coordinating investments might help some families build more wealth over time. For example, one spouse's employer may offer a better match for employee contributions, so it might be wise to prioritize contributions to that plan in order to obtain the full match. One workplace plan might offer a broader and/or more appealing selection of investment options, while the offerings in another plan may be limited. With a joint strategy, both spouses agree on an appropriate asset allocation for their combined savings, and their contributions are invested in a way that takes advantage of each plan's strengths while avoiding any weaknesses.

Whether you make investment decisions separately for individual accounts or share decisions for all of your accounts, keep in mind that retirement assets generally belong to both of you. You may benefit by talking as a couple with your financial advisor.

Asset allocation and diversification are methods to help manage investment risk; they do not guarantee a profit or protect against loss. Although there is no assurance that working with a financial professional will improve investment results, a professional who focuses on your overall financial objectives can help you consider strategies that could have a substantial effect on your long-term financial situation.

1–2) *Investor's Business Daily*, July 16, 2018
3) *Money*, February 12, 2018