

Even Cupid needs a long-term financial plan

Jonathan Chevreau, *Financial Post* Published: Saturday, February 13, 2010

A popular book by John Gray suggested men and women are on different planets when it comes to understanding the other's emotional needs and communication styles. The same is true of how couples approach money and saving for retirement.

Little wonder these issues can come to a head on Valentine's Day. An RBC poll found the 2008 stock-market crash caused Canadians to significantly reduce the size of retirement nest egg they were hoping to accumulate. Men cut their target from \$922,000 (as surveyed in 2007) to \$555,000, while women lowered their sights from \$556,000 to \$419,000.

Lee Anne Davies, head of retirement strategies at RBC, says the economy had "an especially sobering effect on men's savings objectives. ... Women tend to be more focused on the long term, which explains why their retirement savings goals have been less affected by short-term changes in the market."

Women expect to live longer than men, so should be socking away more than us males and/or take more risk to generate higher returns.

So, in that case, a caring husband might therefore skip the flowers and chocolates this weekend in favour of, say, a contribution to a spousal RRSP.

If that sounds unromantic, consider the suggestion from the Silver Spring, Md.-based National Foundation for Credit Counselling: For couples in financial distress, the best Valentine's gift may not be to spend money on a token of one's affection, but on providing the beloved with "a sense of financial peace of mind."

Cupid does appear to be a casualty of the recession. The Washington-based National Retail Federation says couples will spend an average US\$63 on their mates this Valentine's, down almost 6%, from US\$67, a year ago. Men still spend almost twice as much on the event: US\$135 vs US\$72 for women.

But there's also a shift from extravagant gifts to more practical items.

"I'm not a hopeless romantic but getting your financial foundation in place allows you to build a happy life with the one you love," says Patricia Lovett-Reid, senior vice-president with TD Waterhouse Canada.

"A financial plan, like a relationship, springs from communication," she says.

Perhaps there's something to be said for buying a single red rose instead of a dozen, and putting the difference toward an RRSP contribution, but I doubt many men would do that -- if they value their relationship.

But there's little doubt it's important for couples to have a shared vision of retirement and a common philosophy on spending, saving and investing money.

The recent TD Waterhouse Couples and Retirement Poll found only half of married or common-law couples have the same vision for their retirement, and 19% experienced conflict because of different attitudes.

In her book, *How Much is Enough?* Vancouver advisor Diane McCurdy describes four money personalities: spenders, savers, givers and builders.

Two spenders often run into financial trouble at some point, creating stresses that can end the relationship. Two savers will agree on the need to save for retirement, so are more likely to be together when that day arrives.

Dennis Blas and Heather Compton, co-authors of *Retirement Rocks!*, are a couple that fit the profile of savers. "I'm more likely to loosen the purse strings for travel, Dennis for cars," says Compton. "The relationship 'red zone' comes when either style is labelled bad or wrong -- both add value. The key is to define and share common goals."

Blas says money needn't be a divisive issue. "Staying the course means spending agreements. Neither Heather nor I would spend \$500 on a purchase without consulting the other," he says.

But things can get dicier when you have a saver and a spender together, a dynamic I explore in my financial novel *Findependence Day*. In the foreword to the book, Lovett-Reid says: "Love and money are more intertwined in the lives of

modern couples than most realize ... By working through the issues, confronting the facts and being honest, you stand a better chance of not becoming a divorce statistic."

For its poll, TD tapped relationship therapist and TV personality Joe Rich, featured in a video interview posted today at www.financialpost.com. He says there's a definite link between relationships, intimacy and money. And, since one in five couples are conflicted about retirement, they could benefit from the counsel of a third party 10 or 20 years before the event. "It's not just one conversation, but many. The first one is the most difficult and is not something you should initiate on Valentines Day," he advises.

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