

Human-Centric Investing Podcast

Episode 37 – How Couples Can Align Their Retirement Visions, Part 2

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Featured Guest: Dr. Kristy Archuleta, Ph.D., LMFT, Associate Professor, University of Georgia

Intro: This is the Human Centric Investing Podcast with John Diehl where we look at the world of investing through the eyes of our clients. Over to you, John.

John Diehl: Hello, financial advisors. This is John Diehl, Senior Vice-President of the Applied Insights Team at Hartford Funds. Welcome to Episode 37 of the Human-centric Investing Podcast. Joining me for today's podcast, I welcome back Dr. Kristy Archuleta. Dr. Archuleta is a specialist in the area of financial therapy and if some of you had the chance to listen to our previous podcast we talked a lot about the transition into retirement especially as it involves the couples that you're working with.

Because a lot of advisors and a lot of clients think that as they head into this new, exciting phase of their life they've been planning for, for decades, then it's just going to be smooth sailing.

But interestingly, we recently did a survey and we found that about just shy of 80 percent of advisors said it actually wasn't smooth sailing. There were some areas of troubled waters that needed to be negotiated as their clients transitioned into a very different phase of life than what had been the course of their life in the 20 to 30 years prior.

And so I want to take a moment and welcome Dr. Kristy Archuleta back to our podcast. Welcome, Kristy.

Kristy Archuleta: Thanks.

John Diehl: So, Kristy, as we talked in the last episode about the importance of discussions between clients and shared expectations and how oftentimes these get misaligned. In the last podcast we began by talking a lot about the topic of money and a lot of times we think of money as dollars and cents, but in that podcast you helped us understand that sometimes we need to go deeper than just the dollars and cents and it reminded me of a lot of what I've read about the topic of empathy.

And as oftentimes we hear about empathy as financial advisors putting ourselves in the shoes of the people across the table from us. But how does empathy play a role as we help our clients begin to understand one another? What would you say about that?

Kristy Archuleta: Yes. So in the last podcast, we talked about how it's really important to just be a human with your clients and really seeking to understand, and that revolves around this concept of empathy, which really is putting yourself in the other person's shoes to truly understand. And that means digging into their story, getting to know them, understanding them, learning about them and learning how they—what's important to them and how they interact with one another, especially if it's a couple client like we're talking about in this podcast.

John Diehl: Yes. It reminds me a few years ago, I was dealing with some clients that they come to see me because their nest egg was eroding faster than they thought it should be. And as I took a look at their cash flow and I took a look at their available income and assets, I had to have a difficult conversation with them about the need to kind of cut back on their spending and to be more careful about their cash flow.

Because someone had told them that if they only kept their cash flow below like 11 percent, they'd be fine. And obviously, that was an issue. But what was more of an issue was when I shared this difficult conversation that the wife actually broke down at the table and started to share with me and with her husband and her husband had known this, about how difficult her childhood was because her father was never good at managing money and the family was always—it seemed going from feast to famine and she had this kind of built-in fear that not—it was greater than a fear. It was anxiety that no matter

how good things were that something was going to come along and make them terrible.

And I think when we all got on the same page about what was generating that concern, then it made it more understandable about what her concerns were in terms of what they would do in retirement, how they would spend or not spend money, so on and so forth. So I totally understand and I felt, I felt awful, I mean understanding the position that she must be in, it really helped me as an advisor kind of develop an appreciation for what she was trying to fight through.

Kristy Archuleta: Yes. And just to kind of follow-up with that, I'm wondering for you as the advisor, when you were able to show that client empathy in that way and that meant really going down this emotional journey with this client, how did that change your relationship with your client?

John Diehl: It made it much deeper. Actually, it gave me an opportunity to share a little bit with her about some of the similar concerns that I had had in my past, what common parts of my story to let her know that she wasn't alone, right, and certainly her husband as well. Like all of us have those feelings, it's just some experiences just really, really influence the way people think.

And I think it was, by being able to say like you just said, understand I'm human too, I get how this works and I feel really bad for you and I'm going to do everything I can to help you. Now that I know this about you, I'm going to try and explain things, I'm going to position things in a way that you'd feel more comfortable with.

Kristy Archuleta: Yes, yes. And you just created that, a deeper—like you said, a deeper relationship, deeper trust with your client. My guess is that you probably had a good relationship already, but you had even a better relationship after that encounter where you were willing to listen and support her.

John Diehl: Absolutely, without a doubt. And you know what, it reminded me that oftentimes when people come to me in the midst of a financial struggle or financial questioning or uncertainty of some type, oftentimes it seems to me that money is more of a symptom than a root cause, right?

So we see the end product as dollars and cents, but as we talked about on the last podcast, there's a whole story that goes beyond that. And I think, Kristy, we talked about money in the last podcast because that's the natural place for financial advisors to go. But when we talk about alignment and making sure that our clients are kind of on the same page so to speak and that I as an advisor are on the same page, there's other things beyond money.

And I would think things that lie beneath the money issues that you think are important for people to be aligned on it as you said [on the] last podcast as well. We don't go thinking about these things day in, day out, but they are important.

What are some of those other categories that are important to creating that shared vision as we move into retirement?

Kristy Archuleta: Yes. So some of the other categories that we've talked about on the webinar and in the white paper that are available are values, what are your values. Those often stem from your core beliefs, your beliefs about money even and about life in general. Passions and interests is the second category and location was the third category. And so let's spend some time talking a little bit about each of those and what they are.

So values are really those things that people hold as important to them. Values guide and shape who they are and what they do. And so we are often much more satisfied in life if our priorities and our goals are in line with our values or what's important to us.

So some of the things that we've seen that are important especially in terms of preparing for retirement and making that transition are looking at the values of family, and then volunteering or charity works, we're encompassing those two things under that value base.

So for family, how close are you to your children or your grandchildren? How do you support them? How about not only the grandchildren or children, but maybe you still have parents who are living,

and so how are those relationship, how do you value them? What kind of support and that doesn't necessarily mean financial support, but support comes in a lot of different dimensions, such as emotional support for example and that caring piece for children, grandchildren and parents.

And then volunteering, so a lot of people find meaning, especially in retirement, when they're no longer working, they find meaning in volunteering or doing some sort of charity work in which they are helping others do something that is good for them. So volunteering and participating in charity work or supporting charities financially.

John Diehl: Kristy, can I just ask about like that family one, and even the role of work, as I continue, seem to be two really big areas that sometimes we just assume that our spouse is on the same page. Oftentimes I see it and where I'll bring it up is I'll ask clients about what role do you play in your family? So for example, do you imagine yourself ever as a caregiver for a parent?

Is that something that you think will happen, you doubt will happen, you're not sure, you haven't really played it out? Or even for children or grandchildren, one spouse wants the children—the grandchildren to live right next door, the other spouse says, I can't wait, we're going to travel all over the world, and there's a disconnect there, right?

Kristy Archuleta: Yes.

John Diehl: So maybe talking about or helping people understand that the roles that they think they play in the family and Kristy, it's beyond the scope of this podcast even to talk about, second families, right, where we have children from different marriages and how do we feel about all that stuff. And I know you talked about on the last podcast, there may come a point where maybe a referral to a family therapist isn't a bad idea.

Boy, sometimes when you get into these conversations, it may wind up to definitely be a key resource.

Kristy Archuleta: Yes.

John Diehl: But yes, I think those things are really important. And how about even one spouse says, I want to work until I'm 70 and the other spouse says, well, I thought we were going to start taking it easy, right?

Kristy Archuleta: Right, right or what if one wants to retire early and the other one doesn't? So yes, there's all of this combination of things that happen and we have these four categories, passions, interests, location, money and values, but they're really—they're hard to isolate into one area. We've just done that for the matter of dividing into categories. They really operate in tandem.

John Diehl: It's all one story, right?

Kristy Archuleta: Yes. They really operate in tandem, so yes, so you brought up...

John Diehl: So talk about passions and interests, what are we talking about there?

Kristy Archuleta: Yes. So passions and interests, so basically what do you find that's fulfilling in life? I mean we could have put volunteering underneath—under passions and interests for example. But a lot of times that falls under where do your values lie? So we put it there.

The passions and interests encompass work and recreation and social activity. So just like you mentioned, when are we going to stop working, are we going to do it at the same time or are we doing it in a different times, what does that mean? Recreation, what do we really enjoy doing?

Do we enjoy travelling, do we enjoy going to the lake; do we want to live on the lake? Yes, basically what do we want to fulfill our time with? Do I want to do a bunch of just start doing knitting, maybe some things that I've always wanted to do and now, I finally have the time to do it.

I always have this dream that someday I'm going to do all the scrap-booking, I'm going to have years of scrap-booking to do. So I think I might have given up on that dream by the time I retire.

Friends and social activities, so we know that—we mentioned this previously, but I think it's really important to bring it up again and just to note it that when we go into retirement, we sometimes lose our social interactions because we've primarily gotten that through work. And so we see people who are lonely and depressed, they just feel lost.

And so when they don't have purpose, feeling of purpose and they don't have strong social support, that's super important. And that comes back to how are you going to engage with others, so are you going to join a gym or a club or something that helps you create some of those social interactions that you might not have in retirement.

Then moving on to location, you brought this up earlier, where are you going to live? And that ties a lot of times into maybe recreation or into family especially. So do we want to relocate to live near our children? If we have more than one child and they live in very different places, then do we want to move and live near one of them, but not the other? Do they want that?

So I think that sometimes we see people retire, do these things that they want to do, but it's what they want to do. And so I'm going to retire, I'm going to move down the street from my children, they seem OK with it, but are they really OK with it? So create—those can create some actual tensions within family relationships, when those decisions that are made are not discussed with more than just your spouse.

John Diehl: You know, it's funny, I—we did a client dinner the other night in North Carolina and one of the couples that were attending the dinner that I was at, they were in their mid-70s and as I was speaking, I actually hit on the topic of location and I could see the man kind of nodding his and elbowing his wife who kind of rolled her eyes at him.

And when I finished talking, they said—the man spoke up and said, "I want to tell you for the past two months we've been investigating continuing care communities." And the wife jumped right in and said, "Not that we're ready for them yet," and he came back and said, "No, not that we're ready for them yet, but down here where we live, there may be a five to 10-year waiting period for these communities," so I could sense that he's the practical thinker, right.

He's thinking about what happens if we need this. She's saying, we definitely don't need this yet, I'm not ready yet. But, you know, trying to get on the same page that this is even part of their vision is something that I think would work out over time if—and obviously, they've had the courage to talk about it with one another...

Female: Yes.

John Diehl: ... but that's an area that proves difficult for many couples.

Female: Yes. And just to point out, but that is huge to be able to have that courage to talk about something that can be extremely sensitive like where are we going to live 10 years from now, 15 years from now, we might not need this immediately, but we need to start planning for it because of that fear or feeling scared about this is the—this is the towards the end of our life. And now we have to think about this stage of life.

It's very frightening for some people. And so I applaud that couple for having the courage to really be thinking about that and openly talking about it with one another, whether they are on the—on the same page about yet or not, they're at least having the conversations.

John Diehl: Exactly. Well, Kristy, we talked a little bit in the last podcast about the role of the financial advisor, right, because as a financial advisor, most of us are not trained in the field of financial therapy if you would, you've helped us a lot through these podcasts, the webinar, and—Kristy, how would—how would an advisor... we talked about not going beyond the scope of my practice.

I don't want to pretend to my clients that I'm something I'm not AKA a therapist of some type. But if I wanted to facilitate some of these conversations not from a—necessarily a therapy perspective, but just to better understand their story, you helped us develop some tools that advisors may use maybe in the presence of their clients, but even if they send their clients home to do some homework, and I

was hoping you could share with everyone kind of what you helped us develop and how they might be used.

Kristy Archuleta:

Yes. So thanks for bringing that up. We did. We've developed a worksheet that really asks some questions to help couples especially if they've never had these discussions before or they haven't started talking about several of these different areas or categories, some concepts, some items which can facilitate that.

So we've broken down the worksheet into these four areas. Values, passions and interests, location, and money. And then we've identified some key elements. Again, not an all-exhaustive list, but these are some really key elements of what people should be thinking about. And then asking them on a scale from one to five, is this area important to you or not important to you?

And couples should fill out these worksheets individually. That's what they're designed to do. And then to come back whether it be together in a meeting by themselves or in a meeting with you as the advisor helping to facilitate that conversation, or this could be an opportunity to bring in someone who has conflict resolution skills or who has some therapy training, who can facilitate a meaningful discussion around this, especially in the case that couples are not aligning.

So obviously, if couples are aligning in all of the areas, they're more than likely to have an easier time transitioning because they're more on the same page. If they have areas in which there is significant difference between how they're responding to each of these items, that's probably an area of concern and a place where they really need to dive in a little bit deeper and have some deeper discussions around those particular areas.

So I'm just going to read off ones from like the family section of the values category. So, for example, the item is, I would like to be close to our children and our grandchildren. And then they would scale that item from one to five with one being not important and five being very important.

So if I scale that as a five, but my husband scales that as a two, then we probably—that's probably something that we need to talk about, because we obviously have some different ideas of how that would look or what we think that looks like.

And so that's getting at the expectations. So couples have conflict when their expectations are not meeting one another. And this is a way in which those expectations can come to light and be articulated in kind of a non-threatening sort of manner. So couples can talk about this by themselves after they have initially completed it or, again, with somebody facilitating the conversation, but either way, it should be at a time where they can have some focused conversation around what they have—are learning from their worksheets.

And so just kind of setting some parameters around that and we've included some tips or keys and which will be helpful for couples to have a productive conversation. So at the end of the worksheet, we have four ways in which can really help you have a—have a better conversation, and one is being present and focused on your partner. And that goes along with the second aspect where you're really listening to understand.

So we started out this podcast talking about empathy and here, again, you're listening to understand and really trying to empathize and showing empathy to your spouse, or if you're the facilitator showing empathy for understanding.

Going back to being present and focused, so not having a lot of other things going on in your head. Just being in the moment, really being able to pay attention and focus on what's being said.

The third one is utilizing "I" statements. And so sometimes when we have difficult messages to send to somebody else, we have a difficult time saying what that message is and sometimes it comes across as attacking the other person. "Well, of course, you want to live close to our children, you want to be in their business all of the time." So ...

John Diehl:

Right. "You always ..."

- Kristy Archuleta: “You always,” yes. Exactly. So “you”—you is a killer word, number one. Always is also a killer word.
- John Diehl: Yes. No better way to shut down the conversation.
- Kristy Archuleta: Right, exactly. So if my spouse is telling me this or I’m telling my spouse that, man, just like you said, that is a conversation, we’re—it is over. And I’m going on the defensive or he’s going on the defensive. And so “I” statements really help us clarify and take ownership of our own feelings about the situation and just give us a way in which we can say something that’s difficult.
- So we can say, I feel really frustrated when we are—when we don’t spend time with ourselves and we’re always using our spare time to visit our children. That might be a better way of saying, “You know what, we are always spending way too much time with them because you always have to be in their business.”
- John Diehl: Right, right.
- Kristy Archuleta: And then the last one that we point out here. There’s a number of things that we could have added, but the last one here is pay attention to your tone of voice and your body language. And so this goes for any sort of communication whether you’re an advisor or you’re the—you’re the couple is pay attention to your own body language, because the way that you’re communicating a message speaks much more, is much more of the message than the actual words that you utilize.
- So being calm, even-toned, relaxed, even how you’re positioning your body is really important, so body language and tone of voice communicate 93 percent of your message to someone else, your words, the words that you’ve utilized that you think that are the most impactful, that’s only seven percent, so just keep that in mind. And when you say, you always, it’s usually with a tone of like this demeaning tone like yes, you do this.
- John Diehl: Right.
- Kristy Archuleta: Shaming and just unhelpful.
- John Diehl: Well, Kristy, thanks. So, again, for the advisors on the call, we’ll put the link to the diagnostic tool and the—and the white paper in our show notes. It’s also available on our website, but I think the most—one of the most important parts of the diagnostic tools that Kristy described is that on the—kind of the last page of the diagnostic tool, there’s a little bio of (Kristy Archuleta) who is an associate professor at the University of Georgia who helped us develop this tool.
- So I know as an advisor where I may not feel the competency, I am confident in sharing with my clients a tool that was developed by experts in this area which lets them know that they’re not alone.
- There are other couples that go through this transition process and here’s a tool that was created by a PhD that specializes in this area that can help us identify potential areas of conflict, and I think Kristy you’d agree with me that this diagnostic tool is not a be-all, end-all, right, it’s kind of like—exactly that, it’s a tool that may help us identify some areas where there probably needs to be deeper conversation and some of these conversations take longer than just a couple of hours. They may take some time to work out the kinks and come to that alignment, right?
- Kristy Archuleta: Exactly. So yes, so I wouldn’t even call it a diagnostic tool, I would call it a measure that can help you identify some areas in which your clients might not be on the same page.
- John Diehl: That’s right.
- Kristy Archuleta: And that’s what it’s designed to do. It’s designed to be a place to start, couples having this conversation and a—and an easy tool for you as the advisor to access to get that conversation started.
- John Diehl: Dr. Kristy Archuleta, thanks very much for joining me for these past two episodes of the podcast. I really appreciate all the help that you’ve given us here at Hartford Funds.
- Kristy Archuleta: Yes, thanks. This was—has been a lot of fun and I’ve really enjoyed spending some time with you and

talking about this topic. It's a—certainly a passion area of mine.

John Diehl:

Well, great. Thanks, Kristy. And for all of those who are listening today, I think Dr. Archuleta put it perfectly when she said it's about being human, right, which is about—what our podcast is all about, that's why we titled it "Human-centric Investing." And so although you yourself may fashion yourself as a financial advisor, you know very well that oftentimes we come into contact with areas of our clients' lives that go well beyond just the topic of the financials.

And so it's our hope that in introducing you to resources like Dr. Kristy Archuleta and various tools and thoughts that people like Dr. Archuleta have that we can facilitate deeper relationships with your clients to help you grow, maintain, expand your business over the course of time.

So with that, we'll bid you goodbye and we hope that you will join us for our next episode of the human-centric investing podcast. Thanks very much

Operator:

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