



## The Choice is Yours | October 2017

“Choices are the hinges of destiny.”

Pythagoras

Amidst all the catchy click-here headlines, several contenders vie for the title of ‘the most important investment decision you’ll ever make.’ Setting aside the hyperbole of ‘the most important ever’ and filtering for common themes, we arrive at a set of choices that drive investment success.

Questions such as what career path to follow, how much to save, what asset mix to have, and who should steward your portfolio are at the top of most lists. But underlying and influencing all of these is a life choice that is often made without any thought of the financial outcome.

A choice that Warren Buffet considers the biggest decision you will ever make: your choice of spouse/partner or the lack thereof.

Now, this might seem terribly unromantic and hark back to days when marriages were arranged for political, economic, and social convenience. To be clear, our intention is not to advocate for such considerations to influence a choice of this magnitude, but instead, to shed some light on the direct and indirect affects one’s partner will have on significant financial decisions.

Take for example asset allocation. The question of what assets to own, in what proportions, and when to change the mix. There is a host of evidence pointing to this as the single largest determinant of a portfolio’s performance, having a more significant impact than the selection of individual securities. The right asset mix will be based on your needs, objectives, and risk tolerance, all of which are determined and defined as a couple.

Now there are those that say the most critical thing isn’t where or how you invest, but how much. As preached to young folk, saving early and often harnesses the power of compound returns. How much you tuck away depends heavily on your and your spouse’s spending habits. Whether you’re both spendthrifts or savers or a combination of the two will largely determine how much you’re able to put into your investment portfolio. And as all parents can attest, so will the number of kids you have.

One step further down the ladder is what drives the savings rate for most of us; household income. Beyond the combined salary and earning potential of the couple, there is also the support that they will provide each other towards achieving career goals. As Facebook COO Sheryl Sandberg wrote in her book *Lean In*, “the single most important career decision that a woman makes is whether she will have a life partner and who that partner is.”

If you do choose to have a life partner, the romantics in us hope that your investment portfolio is not top of mind in the selection process. But the pragmatists in us do feel, while it may be unexciting and unromantic, that couples should engage in open dialogue about setting and achieving financial goals. And an important part of this is understanding the influences, both positive and negative, that each person has.

Now, as prudent money managers, we invariably seek to manage and mitigate downside risks. With that in mind, we would like to conclude by saying to our spouses/partners, that being with them is by far the best decision we’ve ever made.



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