

## Breaking the Silence: Starting the Financial Conversation



Achieving a balanced life goes beyond just managing one's finances. It requires developing the ability to handle various obstacles throughout life, supported by a strong network and the essential tools.

Interestingly, nearly half of Americans prefer discussing topics such as death, religion, or politics over financial matters. This preference could certainly spark some intriguing conversations at social gatherings, yet it also highlights a widespread discomfort with financial discussion.

### Fostering a healthier relationship with money

Money plays a significant role in shaping our mental and emotional health. The relationship we cultivate with our finances is often deeply rooted in our upbringing and societal norms. For instance, many of us were raised in environments where discussing money was considered taboo, a sentiment that can be particularly pronounced among women due to enduring gender stereotypes.

To foster a healthier relationship with money and achieve greater financial well-being, it is imperative to introspect and identify our inherent thoughts, beliefs, and behaviors surrounding wealth and its role in society. This self-examination prompts us to question whether our learned behaviors continue to serve us well, or if it is time to adopt new approaches that better align with our current needs and goals.

***Consider the analogy of embarking on a first date; you wouldn't establish a relationship with someone only to cease all communication thereafter. Yet, this is often how we treat money—a vital aspect of our lives that we fail to engage with meaningfully. You need to initiate a 'courtship' with your finances, fostering a dialogue that allows for a healthy and productive relationship to flourish. Such a relationship is essential, as it lays the groundwork for open and honest discussions about money with others in your life.***

### Maintaining open dialogue

Addressing financial predicaments and discussing them with significant others can be a transformative experience. Unexpected situations can bring to light the stark differences in how a husband and a wife can be raised regarding money.

For example, a couple that discovered deceit by a contractor. The wife, with an upbringing in middle-class America instilled the value of thriftiness and the importance of a well-funded emergency savings. Whereas, for the husband, raised by a single mother, has a different approach to financial matters.

The stress of being defrauded by a contractor revealed their contrasting reactions: the husband's tendency towards avoidance and the wife's towards hyper-vigilance. It was through humor that they found common ground, recognizing this as a chance to leverage their individual strengths in managing finances. By relinquishing some control and asking her husband to participate more actively in financial discussions, they learned the importance of collaboration rather than blame.

***The key takeaway for couples is to approach money as a team, exploring each other's financial upbringing and strengths. Instead of insisting on one right way to manage finances, it's beneficial to engage in dialogues that foster teamwork and utilize each partner's unique capabilities. The true measure of success lies not in the financial setbacks themselves but in the lessons learned and the ability to maintain open communication through the ups and downs.***

## Evolving emotional ties to money

Regarding the emotional associations with money, research indicates that women have historically linked finances with love and caregiving, while men have viewed it as a symbol of power and freedom. However, these perspectives are evolving with newer generations who seek a healthier relationship with money, valuing it not merely for accumulation but for the rich experiences it can facilitate.

A notable statistic among millennials reflects this change: 71% agree that society would benefit from more open conversations about money. This shift towards breaking the silence around financial matters suggests a collective desire for balance, moving away from the 'greed is good' mentality of past decades.

Today, there's a growing emphasis on investing and spending in ways that contribute to the community, a sentiment shared by both men and women. This evolution marks a significant departure from the past, indicating a cultural progression towards a more holistic and community-oriented approach to money.



## Starting financial education early

The ideal time to initiate financial literacy education for children is as early as possible, around the age of five, when they begin to form their foundational beliefs about money. These early impressions can influence their financial behaviors well into adolescence. While some families start this education early, it's never too late to begin these crucial conversations, even with adult children. This is particularly important for families managing wealth, as early discussions can ease the transition into conversations about inheritance and financial responsibilities for the next generation.

***Regarding gender differences in financial confidence, it's observed that working-aged women often report lower confidence in preparing for retirement or handling money compared to their male counterparts. This disparity may stem from historical societal norms that discouraged women from engaging in financial discussions. However, it's essential to recognize that women may more readily admit to a lack of confidence, which could skew these findings. Men, on the other hand, have been socialized to exhibit overconfidence.***

## Embracing financial confidence

In the realm of negotiation, it's crucial not to perpetuate the stereotype that women are inherently less skilled at negotiating. The reality is that women have historically had less practice in this area due to their relatively recent full-time entry into the workforce. As such, women are now catching up, learning to strategically navigate negotiations, articulate their worth, and confront unconscious gender biases.

This process demands significant effort, but progress is being made as women increasingly break the silence around money and assert their value in professional settings. The journey towards financial empowerment and equality continues, with each conversation and negotiation serving as a step forward.

***Building financial confidence is a multifaceted endeavor that encompasses acquiring financial skills, gaining knowledge, and understanding one's unique money personality or mindset. These elements form the foundation of financial literacy, which includes learning the essentials of managing money, such as saving, spending, investing, and gifting. It's not necessary to tackle all these areas at once; rather, individuals should focus on the aspects that interest them most, seeking guidance from advisors, friends, or educational resources to gradually build their confidence.***

## Creating a more equitable and secure future

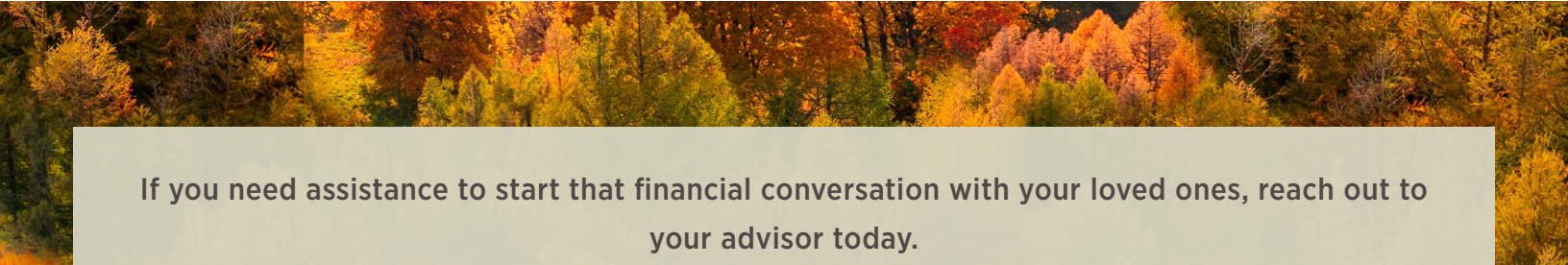
It's evident that societal structures often penalize women for their caregiving roles, leading to work history gaps and financial insecurity. Systematic changes are needed to support both women and men who take time off for caregiving.

On an individual level, early introduction to financial planning and the importance of saving for retirement can empower people to make informed decisions that align with their life goals and financial well-being.

Collaborative efforts to mentor the next generation on the significance of early retirement savings are crucial for preparing for the later stages of life. This approach combines systemic reform with personal financial education to create a more equitable and secure financial future for all.

***Initiating conversations about wealth transfer with the next generation is a nuanced process that varies greatly among individuals. The optimal time to begin these discussions is not at the cusp of retirement but rather at the onset of financial planning. This approach allows for the integration of family values into the conversation, ensuring that the principles of financial literacy are passed down.***

Financial well-being lies not only in the numbers but also in the emotional connection to what we value. It's about aligning our financial actions—spending, gifting, saving, investing—with our personal values. This perspective transforms the process into an engaging journey rather than a somber task associated with life's end.



If you need assistance to start that financial conversation with your loved ones, reach out to your advisor today.



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