

ATB Investor Beat

The pulse of Alberta investors



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Why families should put conversations about money back on the table

I'm no relationship expert, but I've been happily married for 20 years. And while I attribute many things to why and how we've made it work where many others have not, I've also learned that topics like when to move in together, whether or not you want to have children, and whose family you will be having Christmas with are infinitely easier than talking about money.

Of all of the taboo topics, personal finances might be even more dangerous territory than politics. And rather than get into a heated debate about how they will manage spending, investing and debt, couples might believe it's safer to avoid the conversation entirely. This outlook may be the reason why there is a belief that Albertan couples are more likely to keep their accounts separate.

In fact, the opposite is true. Financial sharing tends to be more common among older couples but -- and this might be especially useful insight for the newly married -- statistically speaking, those couples who have divorced or separated were more likely to have kept their finances separate. Again, I'm not a relationship expert so I leave it for you to decide whether or not these two things are connected. But I am confident in saying that money can be divisive for couples who avoid talking about it openly.

In addition to being a husband, I'm also a father. And as any parent will tell you, children listen and hear so much more than we realize. So whether or not you talk about money for the sake of your own relationship, you might want to consider discussing finances for the sake of your children and their future relationships. It can be difficult if you came from a family that never talked about money. How do you even start?

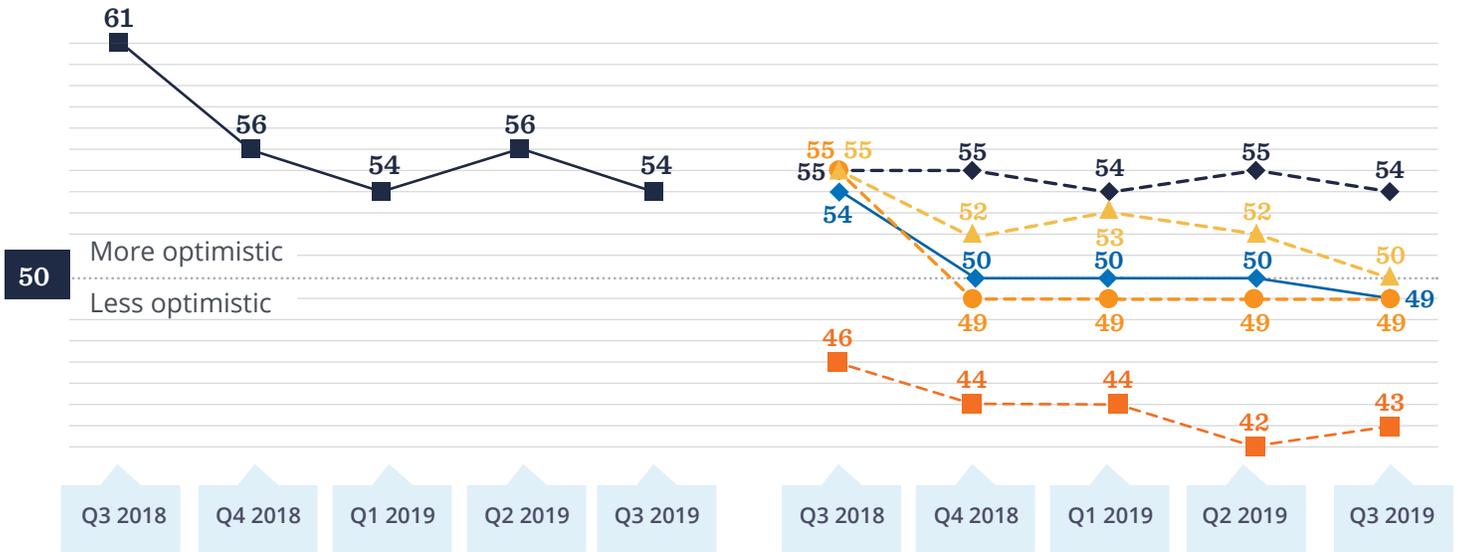
Many families, mine included, have adopted an allowance system of spend, save, give. Teach your children to have a savings goal, that spending money is also ok when done responsibly, and that there's joy in giving. This will give them a healthy perspective when it comes to money, and might make it easier for them when, years down the line, wills and inheritance come into play. By overcoming our apprehension to discuss money with our own family, we might start to reduce the number of will disputes (centering around the distribution of funds) from seven in ten to zero!

All of this being said, Albertans are starting to feel more open about talking about money and asking for professional advice compared to their parents' generation. This is a positive step in the right direction, and who knows, perhaps it will lead to your very own happily ever after.



Chris Turchansky
President
ATB Wealth

The Investor Beat Optimism Index



The **Investor Beat Optimism Index** is based on a representative sample of Albertans who rate their optimism towards investing, different investment products and economic factors. The ratings are based on a net positive score, which is then rescaled to fit an index ranging from 0 to 100.

- ▲--- Balanced mutual funds
- Real estate
- ◆--- Cash
- ◇--- Stocks (directly and equity funds)
- Bonds

Overall investor optimism softened this quarter by two points to 54. Despite the majority of specific investment product optimism softening slightly quarter-over-quarter, the number of Albertans who feel now is a good time to invest remained stable (17%) from the previous quarter.

Sharing finances

How Albertans believe the average couple shares their finances vs. how the average Albertan couple actually shares their finances:

■ How Albertans believe finances are shared

■ How Albertan's finances are actually shared

20% vs 45%



Everything is completely shared/pooled

42% vs 25%



A majority is shared/pooled but some separate

20% vs 10%



Equal amounts separate and shared/pooled

13% vs 9%



A majority is separate but some shared/pooled

5% vs 8%

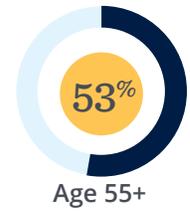


Completely separate accounts and products

Seventy-five per cent of formerly married couples were less likely to share/pool a portion of their finances, compared to 89% of couples who are currently common-law or married.



Couples that completely share/pool finances:



Contrary to what most Albertans believe, married/common-law couples are more likely to have their finances completely shared or pooled (45% vs. 20% general perception). Whether time is changing a cultural standard of completely shared finances, or couples share more over time, older couples are more likely to have all their finances shared/pooled than their younger counterparts. This sharing could also explain why older couples are more familiar with each other's finances.

The financial advisor

Advisor relationships with couples:



Yes, my spouse and I share a financial advisor



No, I have my own financial advisor



No, my spouse has a financial advisor but not me



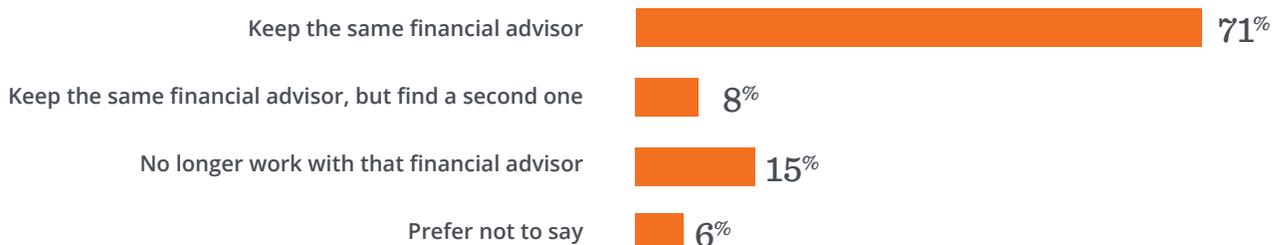
No, neither of us have a financial advisor



Prefer not to say

Sharing a financial advisor post-relationship:

Married/common-law Albertans anticipated they would:



Top 5 reasons married/common law couples believe they would find a new advisor post-separation:

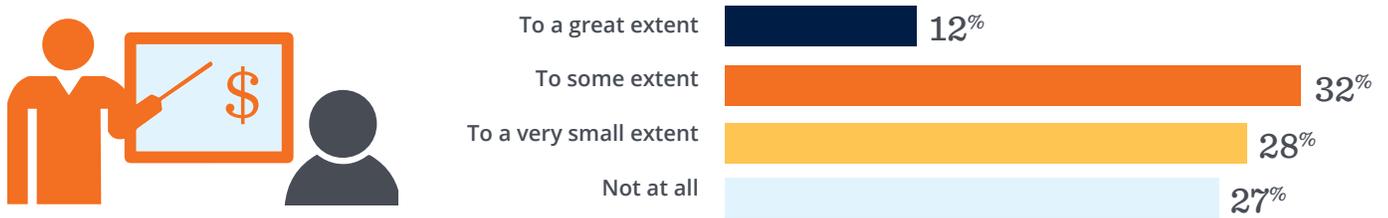


- 51% My financial needs would change
- 44% Would feel uncomfortable working with the same financial advisor as my spouse
- 35% Would want to completely separate from my spouse
- 33% Concerns around privacy
- 29% Would worry whether the financial advisor would have my best interests in mind

Almost four-in-ten married/common-law couples share a financial advisor with their spouse (37%). The majority of married/common-law Albertans anticipate they would still keep the same financial advisor if they were no longer with their spouse, while only 15% believe they would find a new advisor. Married/common-law Albertans who anticipate they would get a new advisor cited changes to their financial needs as the primary reason for no longer working with their shared advisor.

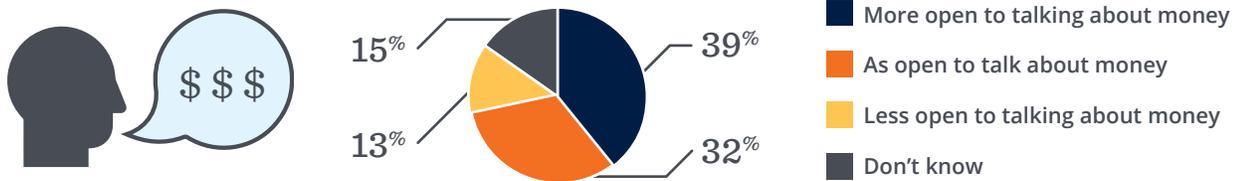
Parents and kids

Degree to which Albertans believe their parents taught them about finances:

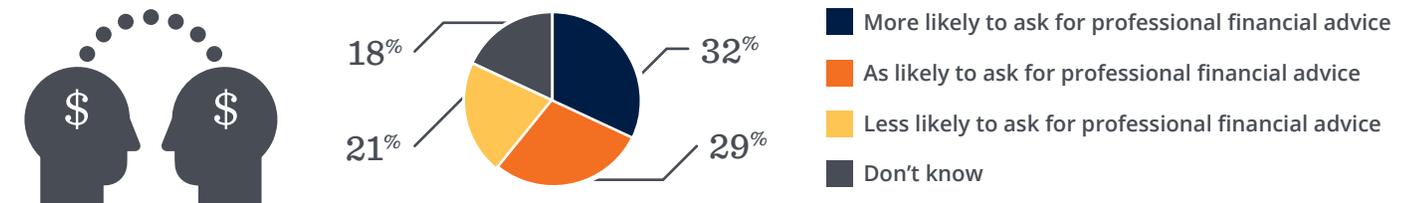


How Albertans feel different from their parents:

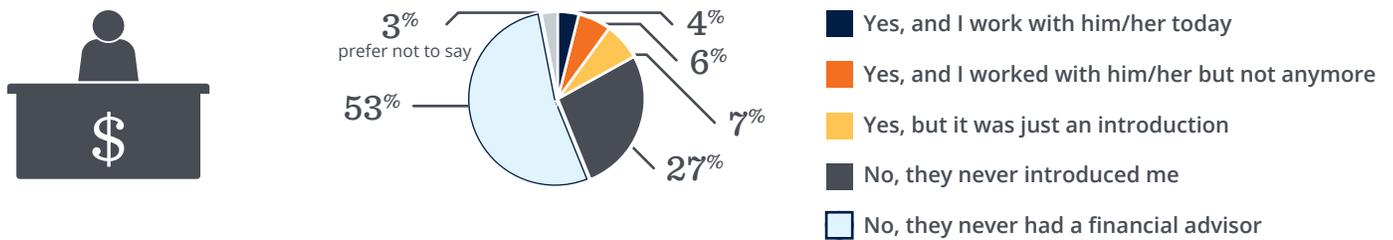
Openly talking about Money



Asking for advice



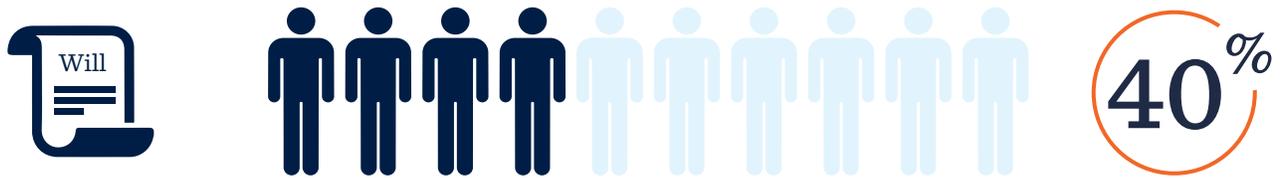
Introduced to parents' financial advisor?



Over half of Albertans (55%) indicated that their parents taught them about finances to a very small or no extent. However, older Albertans (55+) are more likely to say they were taught nothing about finances (39%), while younger generations, aged 18-34, are far less likely to perceive this (13%). Albertans also feel they are more open to talking about money and asking for professional advice compared to their parents. This could help explain why almost three-in-ten Albertans were never introduced to their parents' financial advisor.

Settling wills

40% of Albertans have been named in a will:



Of those named in a will, 15% have experienced a dispute:



The dispute was over:



Four-in-ten Albertans have been named as a recipient in someone's will, with 15% of those having experienced a dispute over their claim. The biggest reason for the dispute was regarding money. Interestingly, younger age cohorts (18-54) are twice as likely to have experienced a dispute (19%) than those aged 55+ (10%).

For more information on this report or the next edition of ATB Investor Beat, please write us at investorbeat@atb.com

About ATB Wealth

ATB Wealth is the wealth management arm of ATB Financial. Our goal is to sort through the clutter and make investing easier to understand so our clients can focus on the things that really matter in life.

To learn more about ways our investing philosophy is helping Albertans, please contact Chris Turchansky, president of ATB Wealth, at christurchansky@atb.com

Who did we talk to?

Ipsos (www.ipsos-na.com) is the third largest market research company in the global industry providing a full range of market research services. In North America, Ipsos has more than 2,100 research professionals and support staff located in 33 offices, with eight offices in Canada.

These findings are from an online survey conducted from July 30 to August 12, 2019, using Ipsos' i-Say panel. The 1,000 respondents are representative of Albertans 18 years of age and older based on age, gender and region. Using a Bayesian credibility interval, the survey is considered accurate to within +/- 3.5 percentage points had all adults in Alberta been polled.