

Marriage and money: creating financial harmony

Managing Your Money

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Love is in the air! As wedding season heads into full swing, brides and grooms excitedly – and maybe nervously – prepare to tie the knot, committing to spend the rest of their lives together. Most have spent countless hours discussing and negotiating wedding plans.

The question is, how many hours have they spent discussing their personal finances, their spending habits, and their future financial goals?

Finances are one of the most important foundational blocks when it comes to building a solid and healthy marriage. Therefore, it's not surprising that finances also show up among the leading causes of divorce in most surveys. A Bank of Montreal study found that 68% of those asked confirmed that arguments over money would be the leading cause of divorce. Furthermore, according to an analysis of more than 4,500 couples that was published in the journal *Family Relationships*, clashes over money early on in your relationship may be the No. 1 predictor of whether or not you'll get divorced.

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This is no surprise to me when I have conversations like I recently did with a newly married woman. Her husband appears very comfortable financially. He encouraged her to stop working and provides her with plenty of money. She couldn't clearly describe what he did for a living, nor did she have any idea of his income, assets, or debts. When I asked her if they had discussed finances before marriage, she responded that ‘it was a topic she was uncomfortable bringing up since he had more money than her, and he never brought it up’. As a financial planner, I see many red flags in this scenario, and while most couples have better communication than this around money, I still often see a general weakness in financial communication.

Preparing for a strong financial future together is an essential step for couples – whether considering marriage, newlyweds, or seasoned relationships. By proactively addressing financial matters, they can establish a solid foundation and minimize the potential for money-related

issues to negatively impact their relationship. Here are some key steps and considerations to help couples (new or established) navigate their financial journey together:

Open and Honest Communication: Establishing open and honest communication about money is crucial. Couples should openly discuss their financial goals, values, and concerns. This includes sharing information about income, debts, financial obligations, and especially spending and savings habits.

Create a Joint Budget: Develop a comprehensive budget that reflects both partners' income, expenses, and savings goals. This exercise promotes transparency, helps identify areas of financial improvement, and enables effective financial planning as a team.

Set Shared Financial Goals: Discuss and define shared financial goals as a couple. These goals may include saving for a house, education, retirement, or paying off debts. Aligning goals helps prioritize and work towards a common financial future.

Build an Emergency Fund: Establishing an emergency fund is essential to handle unexpected expenses or financial setbacks. Aim to save three to six months' worth of living expenses in a readily accessible account. This can significantly reduce stress and anxiety during difficult times.

Consolidate and Manage Debt: Evaluate existing debts and develop a strategy to manage and pay them off efficiently. Explore options to consolidate debts and create a repayment plan that suits the couple's financial situation.

Plan for the Future: Consider obtaining life insurance policies to protect each other's financial well-being in the event of unforeseen circumstances. Additionally, consult a financial advisor to discuss long-term financial planning, retirement savings, and investment strategies.

Maintain Individual Autonomy: While joint financial planning is vital, it is equally important to maintain a degree of individual financial autonomy. Agree on personal spending allowances that allow each partner to have discretionary funds.

Regularly Review and Adjust: Regularly review and adjust the financial plan as circumstances change. Life events such as career changes, having children, or major purchases may require adjustments to the financial strategy.

Seek Professional Guidance: Consulting a financial advisor can go a long way in keeping your couple on track. They can provide guidance, and support, and help address any financial challenges that arise.

By actively engaging in these steps, couples can foster financial harmony and ensure that money becomes a source of shared growth and security rather than a potential stressor in their relationship. Upbringing, past experiences, expectations, and future goals all impact



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a person's relationship with money. In a couple, it is critical to find a common ground where both can feel secure and comfortable.

On the other end of the spectrum are those who tried to make a marriage work, maybe spent years together, had kids, built a life, but never really got on the same page about money. A friend who recently announced her divorce to me explained that she lived her whole marriage full of anxiety about money.

While they both grew up with limited financial means, she became a diligent saver while he became an excessive spender. While she squirreled away funds for a rainy day, her husband was buying the biggest and best toys for their family. As a result, he consistently put them in debt over their heads which caused her constant insecurity. After many years of arguing over this, and never managing to get on the same page, she couldn't deal with the anxiety any longer and ended the marriage.

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Trying to understand the other's values and beliefs about money is an important element. But each side must also be willing to make compromises, ultimately finding a middle ground that ensures basic financial security needs are met. Open communication, mutual respect, and a shared commitment to financial well-being lay the groundwork for a strong financial future and a thriving marriage.

Source: “Money tops infidelity among reasons for couple conflicts: poll” 2014. (Link: Easier for couples to forgive cheating than money problems: BMO survey | CTV News)

Source: “Examining the Relationship Between Financial Issues and Divorce” (Link: Examining the Relationship Between Financial Issues and Divorce – Dew – 2012 - Family Relations – Wiley Online Library)



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