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Managing Money as a Couple

What are the keys to preparing to grow wealthy together?

06.05.23 · GENERATION NOW

When you marry or simply share a household with someone, your financial life changes—and your approach to managing your money may change as well. The good news is that it is usually not so difficult. At some point, you will have to ask yourselves some money questions—questions that pertain not only to your shared finances but also to your individual finances. Waiting too long to ask (or answer) those questions might carry a price.

The **2022 TD Bank Love & Money survey** of consumers who said they were in relationships revealed that Americans are contradicting themselves when it comes to how they feel about their partners' financial well-being and behaviors. Money secrets are at an all-time high. In fact, nearly one-third of Americans (32%) are keeping a financial secret from their partner, an 11% increase from 202 while many couples cite how happy they are in their relationships and continue to be comfortable with money conversations. This dynamic underpins the need for partners to maintain financial transparency and set expectations to achieve healthy relationships – both with their partners and their finances.1

First off, how will you set priorities?

One of your first priorities should be simply setting aside money that may help you build an emergency fund. But there are other questions to ask. How much should be set aside? Should you open joint accounts? Should you jointly title assets? Is there a need to discuss trust and estate planning options with an attorney?

How much will you spend & save?

Budgeting can help you arrive at your answer. A simple budget, an elaborate budget, or any attempt at a budget can prove more informative than none at all. A thorough, line-item budget may seem a little over the top, but what you learn from it may be truly eye-opening. Most importantly, a budget allows you to see where spending leaks occur so you can adjust your spending habits to reach a savings goal.

How often will you check up on your financial progress?

When finances affect two people rather than one, credit card statements and bank balances become more important. Checking in on these details once a month (or at least once a quarter) can keep you both informed, so that neither one of you have misconceptions about household finances or assets. Arguments can start when money misunderstandings are upended by reality. Discuss who has online access to accounts and who monitors each account.

What degree of independence do you want to maintain?

Do you want to keep some money separate? Some spouses need individual financial "space" of their own. There is nothing wrong with this approach. According to Bankrate.com, among U.S. couples who are married, in a civil partnership or live together, 43% have only joint bank accounts. Many couples (34%) have a mix of joint and separate bank accounts, while only 23 percent have completely separate accounts.2

According to a research study published in the *Journal of Personality and Social Psychology* suggests that couples who pool their money, compared to couples who keep all or some of their money separate, are happier in their relationships and are less likely to break up. The researchers found that it has to do with feelings of togetherness: pooling finances increased feelings of shared possessions and shared financial goals, which enhanced couples' relational satisfaction.3

You can succeed either way, but communication about your choice is key.

Can you be businesslike about your finances?

Spouses who are inattentive or nonchalant about financial matters may encounter more financial trouble than they anticipate. So, watch where your money goes, and think about ways to pay yourselves first rather than your creditors. Set shared short-term, medium-term, and long-term objectives, and strive to attain them.

Communication is key to all this.

Watching your progress together may well have benefits beyond the financial, so a regular conversation should be a goal. The TD Love & Money Survey also added "The ongoing uncertainty stemming from the pandemic underpinned the value of financial stability in relationships," said Van Volkom. "However, when debt, financial secrets or unemployment enter a relationship, both partners need to stand firm on what matters to them, their financial and personal futures, and whether or not they will ultimately be happier and more stable by moving on from the relationship. The pandemic has shown you can't put a price on many things – financial health, stability and happiness included."1

CITATIONS

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