**How to Money-Proof Your Relationship!**

As we approach Valentine’s Day, millions of Americans will celebrate with special dinners, cards, flowers, chocolates, and “I love you’s.” Unfortunately, millions more won’t be celebrating their relationship, because they were torn apart by conflicts over money.

“Money fights predict divorce rates,” says the *New York Times.* 80 percent of couples fight about money, says a 2014 *Money Magazine* survey. Research from American Express revealed that 91 percent of couples avoid talking about finances, and only 43 percent discussed money before marriage!

The good news is: not all couples fight about money. The happiest couples have learned to communicate about money and manage it positive ways. The ten points below will give you tools and advice to increase the chances that your relationship will be a happy one!

**#1: Schedule talk time.**

Money is not a topic that gets easier the longer you ignore it. Even if your finances are in excellent shape, it doesn’t benefit one partner to be “out of the loop” if the other is managing the household finances and investments. (Actually, this is a recipe for disaster if the household finance manager dies or becomes disabled, or the couple gets divorced.)

Make money matters a priority and schedule regular talk time. Put it on your calendar at least once a month, to make sure you aren’t avoiding a very important topic! Research suggests that couples who talk about money most often are much more likely to describe themselves as “extremely happy,” according to a 2015 Love & Money study by TD Bank.

So you’ve scheduled the time. What do you talk about? Here are some ideas:

* Your current financial reality: earnings, expenses, debt and cash flow.
* Your financial hopes, goals, concerns and questions.
* What are your financial beliefs and philosophy?
* Spending and saving values and priorities—have honest conversations about whether or not your financial behavior match your values and priorities, and if not, how you can bring them into alignment.
* Investments and insurance—where are you putting your money and why?
* Family of origin financial history—what’s yours and how would you like your family to be similar or different?
* What you learned about money from mentors and others (or what you want to learn).
* Consider reading and discussing books, articles, or listening to podcasts together on money.

Last but not least, don’t neglect the four things that, according to a 2016 Ameriprise study on money and couples, accounted for the majority of financial disagreements:

* Major purchases (34% of couples clash about this at least once a month)
* Decisions about finance and children (24% of respondents with kids disagree on this),
* A partner’s spending habits (23% argue about this), and
* Important investment decisions (14% of couples disagree about this).

**#2: Have regular financial check-ups and check-ins.**

Talk is great, but make sure you’re not neglecting the numbers! Do a regularly scheduled review of your finances, in black and white. It’s important that you SEE a snapshot of your family’s financial picture. Whether you use Mint.com, Quicken, Quickbooks, Excel, or even simply bank statements, monitor where your money is going and what it is doing.

Depending on the complexity of your finances, this could happen monthly, quarterly, or (at the very least), once a year. If you have a bookkeeper or accountant, have them prepare regular statements. If there is a family business, look at monthly profit and loss statements. Monitor your investments at least quarterly. You can monitor most mortgages and life insurance policies annually. Consider an annual review with your Prosperity Economics advisor, or reach out to them anytime there are changes in your financial picture.

It’s not necessary to go into great detail, but it IS important to get an accurate snapshot of your finances so both partners understand what’s happening with their money.

**#3: Transparency and honesty are required.**

When one partner is resistant to looking at financial facts and another resists revealing financial facts, it can be a huge warning sign. Just ask Barbara Stanny, whose father was the “R” in H & R Block. She grew up believing that making and managing money was “a man’s job,” and was advised by her father not to worry about money. That was fine with Barbara, until she found out her stock broker husband was a compulsive gambler who was gambling away her inheritance! After their divorce, he left the country and left Barbara with tax bills for over a million dollars (and no money to pay them).

Lying about money can have catastrophic financial consequences, and perhaps even worse, it breaks down trust in a relationship. It’s known as “financial infidelity,” and if you see signs of it in your relationship, don’t ignore them. You may need a good accountant AND a marriage counselor! Just as some relationships recover from infidelity, if trust can be rebuilt, relationships can survive financial infidelity.

**#4: Understand your partner’s financial style.**

If opposites attract, this can spell trouble when it comes to understanding how your partner deals with money! According to the Ameriprise study, 73% of individuals have money management styles that are different from their partner’s. Perhaps one admires the other’s prudent discipline in saving, and the other admires their loved one’s generosity. It’s all well and good until you merge your money!

A helpful tool is the money styles quiz you’ll find at [MoneyHarmony.com](https://www.moneyharmony.com/). Are you a spender, hoarder, money monk or an amasser? Take the quiz separately before revealing your results. To dive in more deeply, read [Money Harmony: A Road Map for Individuals and Couples](http://amzn.to/2EEpooX), by Olivia Mellan and Sherry Christie. The online quiz is based on chapter 4, which gives more details about each of the money types.

**#5: Use your partner’s strengths.**

Not everyone has the same gifts and interests. One partner may be better with detailed bookkeeping, while the other can evaluate investment risk or negotiate a better deal on a car. One may be more entrepreneurial-minded, while the other may bring a steady, disciplined approach to the family finances. Oftentimes, one partner focuses on earning and the other on ways to save money. Both are valuable and needed!

**#6: Understand your partner’s financial priorities.**

They’re probably different from yours! You can even have the same money style, but very different financial priorities. One partner may wish to purchase a new car every two or three years, while the other would prefer to spend money on travel. One might enjoy fine dining, and the other would rather have a hot dog at a major league baseball game.

There is no “right” or “wrong” answer; it’s all about understanding priorities. Hopefully you can agree what is a “need” and what is a “want.” Then, once the necessities are covered and saving mechanisms are in place, try to have flexibility with each other’s preferences. A few compromises can help you both feel like you’ve been heard.

This next tip can help resolve different financial priorities:

**#7: Have “his and hers” spending money.**

T. Harv Eker advocates for couples to have equal spending money “budgets” for each partner. Whatever amount is appropriate for your situation (perhaps discretionary spending money totals 5 or 10% of your total spending plan), each partner should have the same discretionary income amount to spend the same without having to “check” with the other. If one partner wants a high end camera and the other partner would rather update their wardrobe, as long as there is adequate cash flow, you might as well both spend on the things YOU enjoy the most!

You might think, “But if I earn more, shouldn’t I be able to spend more?” However, this is a trap that can lead to power imbalances in a relationship. If one partner is raising kids, running the household, or getting a graduate degree while the other is the breadwinner, both need to be recognized for their essential roles. Evening out spending money is one way to do that. And ideally, you can discuss larger joint purchases and decide together!

**#8: Include children at age-appropriate levels.**

They don’t need to know everything—but they do need to know it’s safe and normal to talk about money! When it comes to discussing money with kids, concepts can be more important than numbers. Discuss negotiating a raise—but not your salary. Discuss giving to charity as a percentage—not a number. Talk about inheritances, but don’t necessarily set them up to expect a dollar amount.

Also, look for ways to involve them with the family finances. Send them to the store with cash and a grocery list. When in college, don’t just pay their rent or car payment or dentist bill—give them money to pay it themselves. (And make sure they do!) Raising kids who are financially responsible will also help eliminate conflicts with your partner.

**#9: Saving saves more than money; it saves families, too!**

Many couples have conflicts about money because they have too much month at the end of the money! Some couples have conflicts because the partner making the investment decisions took risks that didn’t pay off. There are hundreds of things that can increase a family’s financial stress, and one sure cure to lower it: *saving money.*

Some of us have taken vows to love each other “through good times and bad… for richer or poorer.” But we all know that “for poorer” can be a difficult road, and financial stress is a challenge for relationships. When a couple has a healthy emergency fund, they can handle unexpected expenses, income interruptions or an economic downturn in stride. When cash is low, anxiety runs high. So protect your relationship by saving regularly and protecting your money!

**#10: Prepare each other for worst case scenarios.**

A smart way to save is with high cash value whole life insurance, because it will help you save regularly, with flexibility when needed. Gains are locked in to weather economic storms or market crashes. It will help you create a sizable fund for both emergencies and opportunities. And perhaps most importantly, *permanent life insurance leaves each partner protected in worst-case scenarios.*

Losing a partner (as well as a child or parent) is devastating, and when actions aren’t taken to protect the surviving partner from financial disruption on top of emotional losses, something critical is missing from the family’s financial strategy. Just because you promise to love each other “til death do us part” doesn’t mean you shouldn’t care what happens to the survivor when—sooner or later—death actually parts you.

And for some couples, parting doesn’t happen quickly. There may be disability to contend with, long-term care needed, or a terminal illness. There are whole life insurance riders that can help a couple prepare for ALL of these possibilities, without taking a risk that money will be “lost” on long-term-care plans if not needed.

**Couples and Money: The Bottom Line**

How we handle our finances can be an expression of our love for each other. It can build trust, increase communication, help us become more disciplined, more understanding, and think long-term about our relationship. Stressed about money and not how to communicate about it? See it as the grand opportunity that it is!

Finally, get and take the advice of your trusted advisors to guide you through financial land mines. Whether it is an investment strategy that won’t leave you fretting about the market or life insurance policies that prepare you for both the good and the bad, we are here to help!

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