



RELATIONSHIPS & MONEY: 7 Topics to Discuss

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Talking finances with your partner can be difficult—especially when you have different habits. To plan a future together, start with a good look at where you both stand financially.

Even at the best of times, dealing with your finances can be overwhelming. Money can be a big topic of disagreement between partners and can be a significant source of stress. You might have differing savings habits and spending styles; your incomes might be mismatched; you might have different values when it comes to money; or one partner could be hiding a mountain of debt or other facts about their finances. No matter where you stand with your finances, there are several subjects all couples should find the time to discuss. Here are some of them.

1: WHERE DO WE STAND FINANCIALLY?

If you want to plan a future together, a starting point is taking a good look at where you both stand. Start by outlining your financial picture, including assets (what you own), liabilities (what you owe), income (what you have coming in each month), and expenses (what you have going out each month).

2: WHAT DO WE SPEND?

Once you have a good idea of where you stand, you can each take a look at your spending habits. A good way to do that is to track one month's spending. This can be done manually, or by using a spreadsheet or app. Tracking a month's worth of spending gives you a fairly accurate estimate of what you spend your money on. Then, compare the total take-home pay to your monthly expenses and spending. This makes it easy to see where your money is going, and if the inflows exceed the outflows.

3: ARE WE SPENDERS OR SAVERS?

Your month of tracking spending should give you an idea of your spending and savings habits. It's then time for a discussion – what are your goals, both now and in the future? Where do you want your money to be going? While we like to categorize ourselves as 'spenders' or 'savers', generally we fall somewhere along the continuum between saver and spender.

An important point to consider is that your values impact how you view and use money. These values can be very different from person to person, – and that's okay! But without understanding each other's point of view and values, this can be a big source of conflict between partners when it comes to finances. To start to explore your relationship with money, consider your answers to the following questions – What is your first money memory? What sort of emotions come up when you think about money? How does society view money? How does society's view of money affect you? Keep in mind that early experiences, often in childhood, carry forward into your adult view of money.

4: SHOULD WE COMBINE FINANCES—OR NOT?

Although the decision to combine accounts is an important one, there is no right or wrong answer. Some prefer to have everything completely separate, while others like having everything joint. You can also have a combination solution – where you would have a joint account to cover your core household expenses, then separate accounts for your personal spending. Combining your finances could be something that changes over time too – you may change how you choose to manage your money as your lifestyle or stage of life changes.

It's important to recognize that some decisions tie you together financially without your finances necessarily being 'joint'. For example, co-signing on a loan for your partner could mean that you will be responsible for paying if your partner misses a payment, regardless of the status of your relationship.

5: WHO IS DOING WHAT?

No matter how you decide to structure your accounts, one partner may assume primary control for day-to-day finances and paying the bills. If that happens, the less active partner should still be aware of what the other is doing and be participating in the decision-making around the joint finances and responsibilities. The designated money manager may also make a file with the important financial information—making sure you both have access.

6: WHAT ARE OUR LIFE GOALS?

Early on in your relationship, you'll have to make some potentially life-altering decisions: for example, are either of you interested in more education, and how will you pay for it? And what about housing? Are you enjoying the flexibility of being renters or do you want to eventually buy a house? Are you thinking about having children? These are all life events and decisions that have a huge impact on your finances. You don't need to have everything decided and figured out right away – but having the conversations early can help bring attention to important topics to consider.

7: WHAT ABOUT RETIREMENT?

Eventually you will want to share thoughts about when and if you want to retire. While some people hope to retire at the first opportunity, others enjoy their work and carry on working. If you can consider your goals for retirement, it makes planning and managing your finances easier.



BE PREPARED

In addition to the topics we've covered so far, there are also important documents to consider putting in place:

Wills:

There's a very common misconception that it's not necessary to have a will if you have only limited assets. In reality, even the smallest of estates can create major issues if you don't have a will.

Powers of Attorney:

A power of attorney is a legal document you give you someone you trust which gives them the right to make decisions for you if you are no longer able to do so. It's also essential to have powers of attorney for personal care and property. The latter is especially important because it offers protection if one of the partners becomes disabled. No one, not even a spouse, has any signing authority over another person's property and personal finances - but if you have a power of attorney in place, one of the spouses can take over if necessary.

Life Insurance:

Many people drastically underinsure because they don't realize that they are actually insuring their partner's income plus additional expenses. It's important to understand that if your partner dies and you have a young family, you'll need to replace your partner's income for 15 to 20 years. That could easily add up to \$1 million.

Secure your Documents:

Once your documents are signed, leave them in a safe place. Many law offices will store your original wills and powers of attorney for you. If you keep the originals and store them at home, make sure that they are protected (preferably in a fireproof cabinet or safe) and that both partners are aware of their location. You may also save scans digitally and securely, along with PIN numbers for important accounts, where both partners would be able to access them if needed.



Get Support

If you're looking for support with your finances, or if money is a source of conflict in your relationship, Thunder Bay Counselling's Financial Counselling Program is accessible to everyone, free of charge.

Contact us by phone at **(807) 684-1880** or by email at financialc@tbaycounselling.com for more information or to set up an appointment.

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