



Prudential Investment Managers
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Love nor money: how successful couples handle their finances

Whether you've been together for years or just starting out, your relationship will bring its share of conflicts and complications. Your finances – individual and combined – are one of the biggest potential battlegrounds. Use these tips to avoid conflict, and to achieve your goals together.

Money is – and always will be – tricky terrain for any relationship to navigate. It's the most common source of conflict in marriages and relationships, and the subject most likely to cause either heated arguments or Cold War silences. That's no surprise: money is at the heart of your day-to-day life, your medium-term goals and your long-term worries about the future.

So what's the best way to manage your money, and avoid the bickering?

Effective communication is absolutely key, but before you get there it's important to understand where you are, where your partner is coming from, and how you can most effectively align your approaches to achieve your common goals.

Yours, mine, ours

Some couples pool all their money in joint accounts, and have combined portfolios. Others keep everything separate, with individual budgets, accounts and investments. Then there's the third way, which combines both strategies in a balanced 'Yours/Mine/Ours' approach. Couples should lay the groundwork by discussing which they prefer, and try each one out to see what works best for them. However, you may well find yourselves meeting in the middle and settling on that third option. Some couples find – especially when the joint responsibilities of kids, home loans and family life kick in – that Yours/Mine/Ours strikes the right balance of individual autonomy and building a future together.

Debt can complicate the issue, especially if one spouse enters a marriage with a high debt load. This is almost inevitable in our modern economy, where even if you manage to reach your 30s without any debt of your own, you find yourself with a partner who's paying off a large expense. Once you're married, your spouse's debts become your problem (practically) even if they're not your problem legally. This is where ante nuptial contracts become so important, and where effective communication and teamwork really come to the fore.

Working towards shared financial goals – whether those include getting out of debt, saving towards a goal (see our [Goal Calculator](#) for help with that) or building towards a happy retirement together – can go a long way to strengthening your relationship. This only works, however, if both parties have a clear picture of what those goals are, and what the strategy is for achieving them. This point is particularly important when it comes to investing, especially if one of you is a risk-taker, while the other is more cautious or risk-averse. Here you need to take an informed approach, looking at your goals within set time frames, and identifying which risk level works best for your short-, medium- and long-term goals.

Who's the boss?

Often one partner will take the lead in money matters – and that's perfectly fine, as long as the other partner is always involved and informed. Make sure you have regular, transparent discussions about your finances and your investments, and be sure to review your investments together at least once a year.

This will help to avoid a situation where one partner has a good understanding of your combined financial situation, while the other partner – whether through disinterest or exclusion – is missing some key facts. Allowing one partner to be in total control of all the joint finances, to the exclusion of the other, is a recipe for financial disaster.

Having a well-informed, mutual understanding of your current situation and future financial goals will mean that both of you know what you can and cannot afford. It also means that if something dreadful were to happen to one of you, the other would still have a clear idea of their finances.

Need a neutral third party to help you make decisions? That's where a registered financial adviser can be so valuable – not as a mediator in your domestic financial squabbles, but rather as an objective, expert outsider. Talking about your finances is absolutely vital to your shared wealth (and your relationship), but sometimes it helps to have a third opinion... even if it's just to help keep you both on track.

Become an investor in under ten minutes by completing an online application into one of our top performing [unit trust](#) or [tax-free](#) funds, or speak to your Financial Adviser.