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THE FUTURE IS BETTER THAN YOU THINK

Managing Money Well as a Couple

What are the keys in planning to grow wealthy together?

WHEN YOU MARRY OR SIMPLY SHARE A HOUSEHOLD WITH SOMEONE, your financial life changes; your approach to managing your money may change as well. To succeed as a couple, you may also have to succeed financially.

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 an emotional price. In the 2016 TD Bank Love & Money survey of 1,902 consumers who said they were in relationships, 42% of the respondents who described themselves as "unhappy" cited their number one financial error as "waiting too long" to discuss money matters with their significant other.[1]

FIRST OFF, HOW WILL YOU MAKE YOUR MONEY GROW? Investing is essential. Simply saving money will help you build an emergency fund, but unless you save an extraordinary amount of cash, your uninvested savings will not fund your retirement.

So, what should you invest in? Should you hold any joint investment accounts or some jointly titled assets? One of you may like to assume more risk than the other; spouses often have different individual investment preferences.

How you invest, together or separately, is less important than your commitment to investing. Some couples focus only on avoiding financial risk – to them, maintaining the status quo and not losing any money equals financial success. They could be setting themselves up for financial failure decades from now by rejecting investing and retirement planning.

An ongoing relationship with a financial professional may enhance your knowledge of the ways in which you could build your wealth and arrange to retire confidently.

HOW MUCH WILL YOU SPEND AND SAVE? Budgeting can help you arrive at your answer. A simple budget, an elaborate budget, 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.

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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. So do IRA balances, insurance premiums, and investment account yields. Looking 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 misconceptions are upended by reality.

WHAT DEGREE OF INDEPENDENCE DO YOU WANT TO MAINTAIN? Do you want to have separate bank accounts? Separate "fun money" accounts? To what extent do you want to comingle your money? Some spouses need individual financial "space" of their own. There is nothing wrong with this, unless a spouse uses such space to hide secrets that will eventually shock the other.

CAN YOU BE BUSINESSLIKE ABOUT YOUR FINANCES? Spouses who are inattentive or nonchalant about financial matters may encounter more financial trouble than they anticipate. Watch where your money goes, and think about ways to repeatedly 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. In the TD Bank survey, nearly 80% of the respondents who indicated they talked about money once per week said that they were happy with their relationship. Follow their lead and plan for your progress together.[1]

CITATIONS.

1 - gobankingrates.com/personal-finance/surprising-ways-money-affects-love-life/ [9/26/16]