

Keeping in Touch

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Smart ways to handle finances in a relationship

Staying on top of finances can help couples achieve their shared goals.

Whether they're saving for a house or a holiday or seeking to grow or preserve their family wealth, setting up and sticking to a budget can help couples attain their common goals. By handling money well, they can avoid disagreements that could put a strain on their relationship.

So how can people in a relationship keep their finances healthy? Here are some practical tips.

Sit down and talk

Money can be a sensitive topic in relationships – and for this reason, many couples avoid discussing it. But it's vital to talk about your finances and how to manage them, to avoid potential conflict. It's particularly important to be upfront about your:

- financial situation
- financial goals
- concerns about the future.

The American Psychological Association also suggests discussing your beliefs about money early in the relationship.¹ This will help you to better understand each other and set the stage for healthy conversations.

Set goals as a couple

Couples often have different financial priorities – one may want to spend on experiences such as overseas travel, while the other may prefer stability by building long-term investments. But this doesn't mean you can't set common goals and work together to save for them.

Keeping an open line of communication about your financial aspirations could help you adjust your priorities and plans, and keep on track to achieving your shared goals.

Assign responsibilities

Divvying up the responsibilities for paying for your expenses and building your savings may help ensure you and your partner are on the same page when it comes to financial matters. You may opt to split those responsibilities equally or put one person in charge of most of them. Whatever you choose to do, it's important that both partners are happy with the decision.

Create a budget

Having a budget helps you achieve your financial goals by setting limits on what you spend. A budget usually tracks your spending on a weekly or monthly basis. However, if this is too restrictive, you may simply agree on a plan for spending – and saving – your money.

Build your retirement funds together

If you are married or in a de facto relationship, you may want to ensure that your partner is nominated as a beneficiary on your superannuation accounts and insurance policies. You may also want to consider helping each other build your retirement funds. If your partner is not working or earns a low income, you might explore making a one-off contribution to their super or arranging to have some of your contributions put into their super account.

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But before you decide to make any such arrangements, it is wise to get professional advice on how they work. Your financial adviser can talk you through the rules of spouse contributions and contribution splitting, and the eligibility requirements for receiving a tax offset.

¹ The American Psychological Association, 'Happy couples: How to avoid money arguments'. Available at <http://www.apa.org/helpcenter/money-conflict.aspx>.