



Five money talks you need to have with your partner



People often come into a relationship with different attitudes toward spending and saving. For many couples, talking about finances may not be at the top of their to-do list, or they may avoid the conversation in an attempt to avert arguments. But as boring or painful as talking about money might seem it's very important for a strong relationship. Not having those money talks can lead to fights, busted budgets, and unmet goals down the road.

Money has long been known to be a leading cause of stress in relationships. A recent study found that three-quarters of women would break up with their partner over a lack of financial honesty. And more than half of women in the same study would end a relationship as a result of poor money management.¹

So if you're ready to broach the subject of money with your partner but don't know where to start, use these conversation starters and follow these pointers to make an often tense topic a little less stressful.

Conversation #1: What beliefs and attitudes towards money have we grown up with?

Before you leap into the more serious money talks, learn the stories behind your partner's financial beliefs. You already know if your partner grew up rich, poor or somewhere in between, but dig deeper to understand how money was handled in their household. Different styles aren't "good" or "bad." It's really about gaining insight into your partner's financial behavior and beliefs—and your own—by understanding how money was earned, spent, saved

and discussed as you were both growing up. A common understanding of how you both approach money will help your money discussions to take place without judgement or criticism.



Conversation starters:

- What was the greatest financial lesson you learned from your parents?
- Were your parents frugal or big spenders? Did they have a budget in place?
- How did your parents talk about money?
- What has been your greatest fear with your own finances?

Conversation #2: How are we doing with our expenses?

It can sometimes be hard to balance your financial needs with those of your partner, but it's an important step in securing long-term financial success for your family. If you already talk about some purchases, it's not a major leap to next talk about your regular monthly spending. Make a list of recurring monthly expenses, those that are shared as well as individual expenses. Compare this to your cash inflow for the month. As you budget together, prioritize needs over wants and be

clear about what should come first and why. As part of this conversation, consider how your spending habits are affecting your family's ability to save.



Conversation starters:

- I've been thinking about where our money is going. What are we spending most of our money on these days?
- Is there an opportunity to cut back on our expenses? Which cuts will have the greatest impact on our ability to save?
- What are the current interest rates on our debt? What debt repayment should we prioritize?

Conversation #3: What are our financial goals and priorities?

Once you've examined your day-to-day habits, it's time to think about the future. Discuss your financial goals and what you're saving for. What kind of lifestyle do you expect? What about vacations in the next year? Do either of you need to support your parents? Do you agree on these goals? Prioritize your goals together, make them specific, measurable and actionable, and identify a realistic time frame for achieving these goals. For example, "let's save \$40,000 for our child's education by the time they turn 18" is a goal that meets the criteria of being specific, measurable, actionable, realistic and time bound vs. "we need to save for our children's education".

These goals and priorities create a shared vision for you, and will become the foundation from which all of your financial decisions will be made as you work toward a more financially secure future.



Conversation starters:

- What is our number one financial priority this year?
- At what age do we want to retire? How do we want to spend our retirement? Do our visions match up?
- Do we want to pay for our children's post-secondary education or should they pay for some or all of it?
- Let's look at how our purchases and monthly spending is impacting our larger goals
- How much risk are we willing to take on to potentially increase our investment returns?

Conversation #4: When it comes to our financial future, what keeps us up at night?

Nocturnal money worries affect many of us, across all ages and for many reasons. In addition to managing everyday expenses and bills, we may be awake worrying about: retirement savings, unexpected health care expenses, rising credit card bills, or stock market volatility. Many couples also struggle with competing financial goals. For example, while you may have saved early for your kids' education, this may have compromised your retirement savings. Whatever it is that's keeping you up at night, it's important to talk openly about it and discuss what steps you can take together to reduce that anxiety. Seeking the help of a financial advisor can go a long way in alleviating your fears – they will take the time to discuss your money concerns, share strategies to help you take control of your financial situation and build an action plan to meet your financial goals.



Conversation starters:

- Are we on track to meet our [retirement] savings goals?
- Do we have a plan to pay off our debt (credit card, line of credit, mortgage)?
- If an unexpected emergency were to happen, how financially prepared are we?

Conversation #5: What will happen to our finances and loved ones when we're no longer around?

Confronting the prospect of each other's deaths or a potential illness is uncomfortable, but planning ahead is the only way to ensure your specific wishes are carried out. If you want to make sure your children are looked after in a certain way or you want to leave a legacy to a certain charity, then you require an estate plan to make that happen. An estate plan not only helps protect the transfer of your assets, but also helps protect you, your wealth and loved ones in the event you become incapacitated or can't make decisions for yourself. As a couple, it's important to make these decisions together and communicate your plan. This way, your family will not be required to make any stressful decisions at an already difficult time. An advisor can help guide you in creating an estate plan and will engage the right experts to ensure your wishes are fulfilled.

Here are the key components of an estate plan:

- **Power of attorney** – a legal document that gives someone else the right to act on your behalf to deal with health and property matters while you're alive
- **Will** – outlines your wishes for distribution of assets after your death
- **Living will** – document that says what you want to happen if you become ill and can't communicate your wishes for treatment
- **Executor** – an individual selected to execute the terms of your will



Conversation starters:

- How would we like to distribute our assets and to whom (e.g., to our children, loved ones, charities)?
- Has anything changed recently that requires us to update our will?
- What happens to our family's financial wellbeing if one of us becomes critically ill? Who's going to make important decisions for our children in the case of a death?
- Do we know where our documents are saved, including a list of what we own and owe, bank accounts, contact information for key advisors and professionals (e.g., family doctor, financial advisor, accountant, lawyer)?

Difficult conversations require sensitivity

- 1 Be open and honest.** You're not looking for conformity, but rather where you each stand on a topic. If you're not on the same page at first, be open and make an effort to understand each other's point of view.
- 2 Prioritize listening over talking.** You may hear something unexpected and inspiring.
- 3 Timing is everything.** Select a time when you're both well-rested and not rushed. At a minimum, you should have money talks before and after significant life and financial events.
- 4 Keep the conversation going.** These talks don't have an expiry date and will evolve. Make them a part of your routine, and make them a priority.

One of the most important things for a couple to do is to build a strong relationship with a financial advisor who can be a neutral third party to help you stay focused and resolve some of the more challenging questions. Couples who say they have a "great" marriage are almost twice as likely to talk with each other about money versus those who describe their marriage as "okay" or "in crisis."²

In the end, the subject of money is like most everything else in relationships: it works best when you're both involved and engaged, and it all comes down to communication.



Learn more about financial issues that impact women, please visit our resource centre at cibc.com/herworth

¹2020 Dysfunctional Debt Survey, Credit Canada

²Money Ruining Marriages in America, Ramsey Solutions (<https://www.businesswire.com/news/home/20180207005698/en/Money-Ruining-Marriages-America>).

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