



## Questions to Ask Your Partner Before Tying the Financial Knot

*Courtesy of Craig Cunningham, Managing Director, Wealth Management, Senior Portfolio Management Director, Financial Advisor – The Chicagoland Group at Morgan Stanley*

You've changed your Facebook status to "in a relationship" and you're talking about moving in together. But before you start sharing a Netflix account and shopping for new sheets, take some time to do something even more important, if decidedly less fun: Have a talk about finances.

Yes, it sounds like a buzzkill, but the truth is, making a habit of discussing your shared goals and attitudes toward money may help strengthen your romance—especially in the long run.

By starting an honest and open conversation about this often touchy issue now, you're less likely to run into major money-related road bumps later.

Here are six questions to help you come up with a financial game plan, zoom in on potential differences that should be addressed and, with some luck, avoid the kinds of issues that can lead to both financial and relationship headaches.

**If you received a gift of \$10,000 tomorrow, how would you spend it?** Sure, it's an unlikely scenario, but by comparing your answers with your partner, you'll get a sense of what kind of money personality you each have and how you'll need to negotiate on shared financial goals. Say your partner wants to invest his or her hypothetical windfall in the stock market while you'd prefer to splurge on a big trip. Maybe you split it and each use half for your own goal, but maybe you decide to invest it all now, with a goal of spending your returns on a trip down the road.

There's no right answer. The point is to get you thinking about how you each think about money individually, and how you might handle it together.

**Do you have any financial obligations I should know about?** This one may make you both squirm, but when it comes to debts (college and/or credit cards) or family obligations (financial responsibility for a sick parent, for example) honesty is the way to go. Remember, there's no shame in carrying some debt, as long as you have a realistic and strategic plan to pay it down. If your partner is evasive, defensive or unconcerned about his/her debt, you might wonder what he or she is not telling you.

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**What's your money DNA?** In other words, how did your parents deal with money issues? Were they a source of stress and family fights? Maybe they rarely discussed money issues? Often our upbringing colors our relationship with money, and it makes sense to understand what sort of financial baggage you and your significant other bring to the relationship. For instance, if your father squandered the family fortune, you may bristle if your partner is a free-spender, not because he's being unreasonable but because it pushes your buttons. A rule of thumb: Agree to check with each other before buying something that costs more than a predetermined amount. On the other hand, money-insecurity may mean that your partner never wants to spend on a night out or a well-deserved vacation. Can you live with that long-term?

**How do you envision dividing household expenses and who is going to be responsible for financial chores, such as paying bills, tracking expenses and managing the budget?** Whether you set up joint checking and savings accounts, maintain separate accounts or go with a combination of the two is up to you. But you should discuss that decision ahead of time and how much of your income you will each contribute to joint expenses, as well as who will be responsible for the back end. It might make sense to split up the administrative tasks. Either way, make sure you're covering everything and that you're both comfortable with the division of labor.

**What would you think of a prenup (assuming marriage is in the offing)?** We know what you're thinking: We don't need that! We're not getting divorced! And, anyway, neither of us is rich. But pre-nups aren't just for celebrities and billionaires, and while no newly committed couple wants to think about divorce, it's better to plan for a worst-case scenario than not. Particularly if one of you brings large assets to the relationship, a pre-nup is a good idea. But even if not, having one might make sense. Divorce is messy enough without potentially painful and drawn-out legal battles over money. Consulting with a lawyer about the potential need for one is a not a bad idea in any case.

**What are your goals for the next five to 10 years? The next 20 to 30?** Do you or your partner envision a promotion or changing careers in the near future? Do you plan to get married and have children at some point? If so, will one of you stay home to raise the kids while the other works outside the home? If you both work, how will you cover the costs of childcare? While events like these may be a long way down the road, it's never too early to start planning for them and to make sure you're both on the same page. Believe it or not, even retirement plans are worth discussing, as these long-term goals affect how you save and spend your money now.

## **A Final Word**

You know what the Beatles said about love being all you need, and we agree. Still, couples argue about money. That's a given. The more you talk about it early on the better you'll be prepared to reconcile those differences later. A little awkwardness now could save you from a lot of heartbreak later on.

### **Disclosures**

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CRC [4962630](#) 09/2022