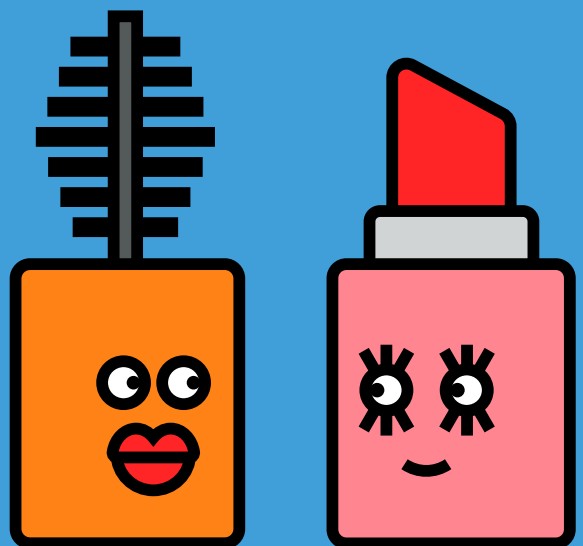


What to consider  
when **combining**  
**finances** with  
your partner.

**STATE**



# When you are in a new couple, talking about finances might seem a bit daunting...

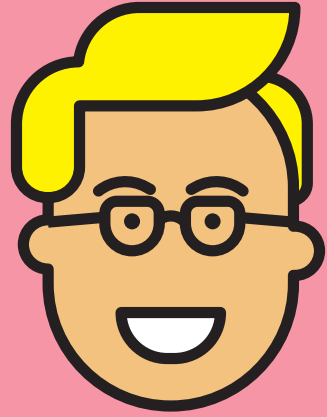
... but getting on the same page when it comes to money keeps us feeling secure, and brings us closer.

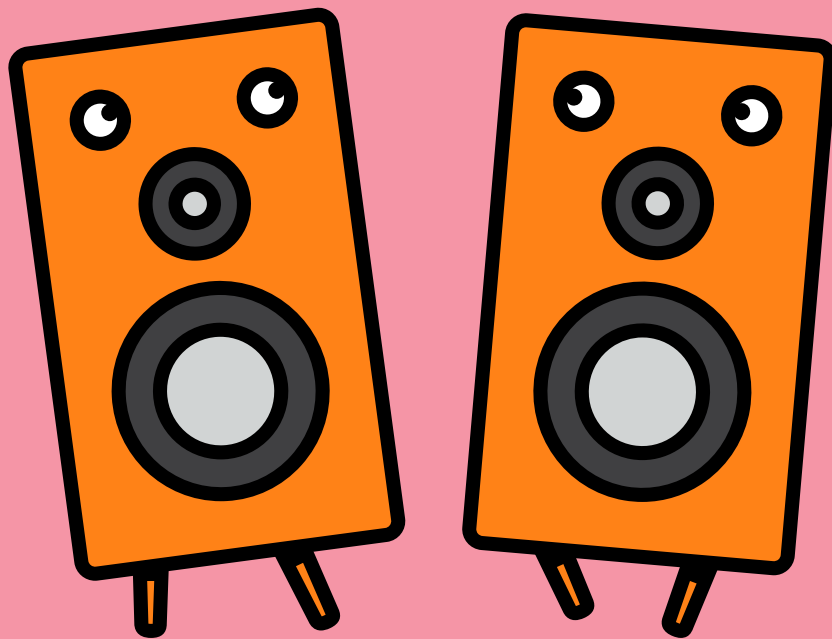
Romantic relationships are built on trust, but we are not always honest about our financial behaviour — either past or present. Disagreements about money and ‘financial infidelity’ (hiding spending, debt or savings) are leading causes of relationship strife or even breakdown. A survey by American financial provider Ally Bank found 36 per cent of couples reported money was the biggest source of stress in their relationship.

But with some preparation, and a little bravery, we can get on the right path.

# 36%

of couples reported money was the biggest source of stress in their relationship.





**“The sooner you talk, the sooner you can take action, and the longer you have for it to be effective and pay you dividends.”**

Lisa Dudson

## Part One.

# Getting on track with the talk and the tools.

**W**hile talking about money might not seem romantic, it can bring couples closer. Experts agree being organised and planning a time to sit down together and discuss our finances is the way forward – literally. Making time for each other and listening, then making plans is a great way to get closer to a partner. We just have to get started.

Financial advisor Lisa Dudson, author of *The New Zealand Money Guide*, says much like a polar plunge, talking about money is seldom as bad as thinking – or overthinking! – about it.

“Have you ever noticed that the people we admire are the first ones in? So, get in first. Be open to it. Up your brave!” she says.

“When you are about to get in the cold water, just jump!”

Plan where and when to have ‘the money talk’ and make it a priority. >



Talking about goals and making priorities together can be exciting. Experts suggest making some notes before you start and asking open questions such as ‘What if...?’

“The sooner you talk, the sooner you can take action and the longer you have for it to be effective and pay you dividends. Look at it as moving closer to making your dreams a reality,” Dudson says.

She advises couples to get some

independent advice, such as from a financial planner who can talk about the big picture. Your bank, lawyer or a mortgage broker can advise on specific issues.

Time after time, surveys and studies show that money is one of the top three reasons why couples argue or even break up, so honesty and openness are best. We tend to put off the conversations we feel will be awkward or cause tension when they can bring about a sense of insecurity.

**“Set aside everything else, make a time when you can focus and be present, and really buy in.”**

Sara Chatwin

According to clinical psychologist Sara Chatwin, the way a person handles this can speak volumes about the person and the relationship. Talking about money with your significant other should make you feel good.

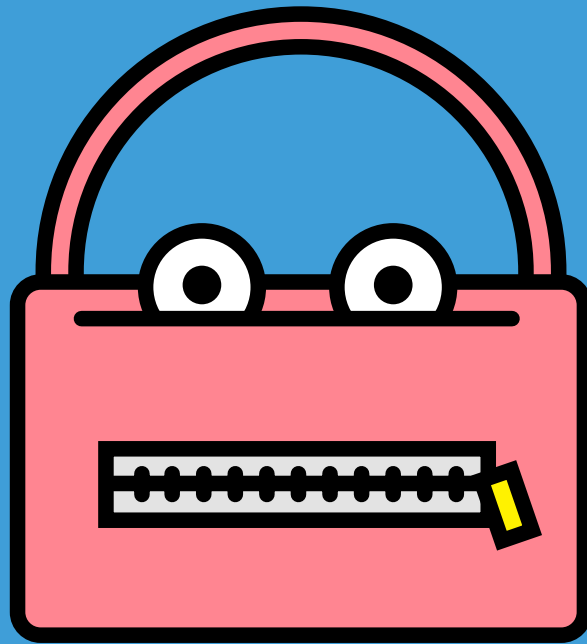
“You’re a team after all,” she says.

“It’s absolutely more difficult in people’s minds than it actually is. Set aside everything else, make a time when you can focus and be present, and really buy in.”

Chatwin is “a big fan” of organisation and planning – and talking about money is no exception.

Auckland University of Technology (AUT) and financial wellbeing charity Good Shepherd NZ have partnered up to develop guides to help couples speak about money in a constructive and respectful way.

Their [toolkit](#) features checklists, quizzes, and real-life examples to help improve conversations about money.



**“Most people let their habits make their decisions, and a large percentage of people really don’t know where their money is ending up.”**

Lisa Dudson



## Part Two.

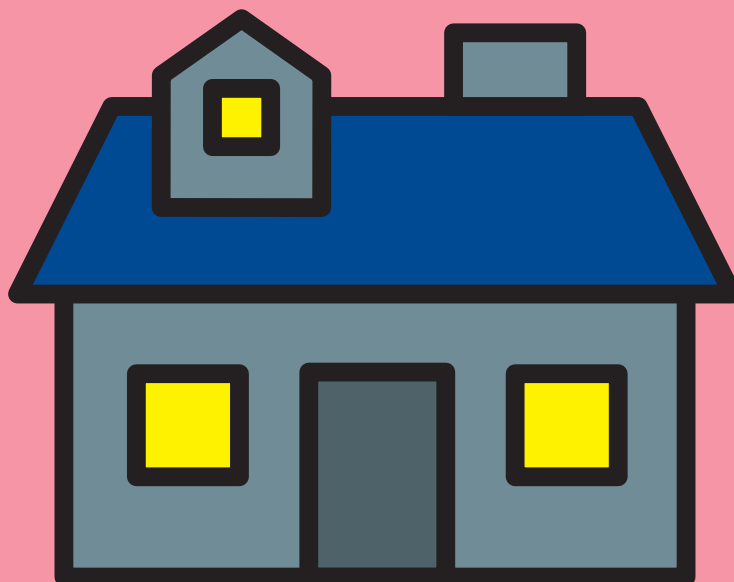
# Getting the green light on goals.

**G**etting going on setting some mutual goals can be very exciting. But we tend to stick with what we know, for fear of the unknown or perhaps to avoid talking about some hard-to-break habits and tricky financial topics.

Dudson says a lot of us do not have consciousness around our money and where it is going.

“Most people let their habits make their decisions and a large percentage of people really don’t know where their money is ending up,” she says.

Having goals for your money is vital, which means making time to discuss these with your partner. While some of us are happier to put these decisions off, that does not make good financial sense. Putting goal-setting in the ‘too-hard basket’ can lead to conflict, stress, missed financial opportunities and lower retirement outcomes. >



“The sooner you do something, the longer you have for it to kick in and be effective. Small things started early are often better than large things later. Time now equals money now – and later,” Dudson says.

Goals should be divided into three: short term (bills, holidays), medium term (house deposit, house renovations), and long term (retirement).

Getting invested emotionally in your goals leads to more determination and ‘buy in’. Give your accounts names like ‘Nelson Summer Holiday’ or ‘Warm

House for the Whanau’ so even small amounts feel like contributing to something real instead of generic.

“It should be something you both really want and buy into, so you can really feel excited as the money grows, like you’re both really in it,” Dudson says.

Establishing joint accounts when you are ready is also a way to feel connected, and like you are both contributing. Dudson generally advises to have joint accounts for this reason.

If one person is earning money or

# Getting invested emotionally in your goals leads to more determination and 'buy in'.

earning significantly more than the other, it is easy for resentment to creep in. Consider having a discretionary budget for each person to spend on what they want – per week or per month – without accountability.

“If it gets you where you want to go, great,” says Dudson.

And while it is not very sexy, making a household budget helps keep things in balance for couples. However, only about one-third of couples have one.

And when spending, consider using a

cost per use (CPU) system. For example, it would be tough to justify the CPU on a \$500 pair of shoes which will be worn five times – it basically means it would cost \$100 each time they were worn. A \$500 leather work satchel would be easier to justify since it would be used every day.

Chatwin suggests it's best to be open and honest about spending, debts and 'financial baggage'.

“Be courageous and honest. It's more difficult in people's minds than it actually is,” she says.



**“Managing money is actually  
not all that challenging.  
People just don’t want to.”**

Lisa Dudson

## Part Three.

# Riding the curves.

**L**ife is full of challenges and change. Some are for good, some are not so good. It's great to feel prepared for when life throws a curveball your way.

If the change is something positive, like a new job opportunity or an addition to the family, what might be required is an adjustment to goals, and a look at how savings are tracking. Getting an independent opinion can be helpful.

"We judge ourselves – our habits, our hang-ups and our decisions – much more than professionals do," Dudson says.

"Managing money is actually not all that challenging. People just don't want to."

For those who may have a more negative impact like a health issue or redundancy, an assessment of savings is required to face the challenges >



ahead. Again, being organised is key. If we have plans in place, we are less likely to crash if something unexpected happens.

The more prepared you are and the more money you have managed to set aside, the more choices you will have.

As Dudson says: “We are trying to take the stress out and create a situation where people have more choices.”

One way you can do this as a couple is by having a ‘rainy day fund’. This cushions us from any financial implications which come with change or challenge. Internationally, experts agree this should amount to three to six months of expenses. Ideally it would be six months, but three months is more realistic for most.

Having money tucked away ensures a couple will not get completely derailed by an unexpected event.

# Having a ‘rainy day fund’ cushions us from the financial implications which come with change or challenge.

Consider having a monthly money talk to catch up on how things are tracking or talk through unexpected bills. Make it regular – say on the first Thursday of every month. Put a time limit on it to ensure you stay on task – an hour maybe – and think about having an incentive for your catch-up, like getting your favourite pizza or dessert.

And if a couple decides to break up, what then of their money?

Unsurprisingly, finances are easier to untangle if well organised. If a couple has discussed money and set some plans in place, perhaps with the help of an independent expert, dividing property and money is likely to be simpler.

Chatwin suggests having an upfront conversation about ‘what-ifs’: “Don’t be scared. Do it, put it in a box and you may actually never have to lift the lid.”

# Conclusion.

**BEING PREPARED** and brave when it comes to talking about money with your significant other is the way forward. And while we might have some trepidation about opening up about money, just like a dentist visit or a polar plunge, once you do it you are always pleased you did.

Having goals and plans in place makes a relationship more secure and helps both people have 'buy in' as both have been actively involved in putting down the blueprints.

And while it's impossible to avoid life's curveballs and changes, getting all our issues out in the open and putting some financial safety nets in place helps avoid a total crash or crisis when challenges come at us.

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**“Talking about goals  
and making priorities  
together can be  
exciting.”**

**Insurance** for  
too busy lives.

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