

Financial Communication

The Key to a Couple's Long-Term Financial Well-Being

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Whether you are a newly committed couple or married for 50-plus years, you know the key to making a lifelong partnership work is communication. The same is true when it comes to your financial success as partners.

In particular, as a couple starting out, planning your financial life can seem overwhelming. There are so many things to consider: various kinds of insurance that you need, building a cash reserve, saving for a home purchase, saving for retirement and so on. Ideally, you would fund everything up front, but most budgets don't allow for that. Discussing your priorities and trying to find a balance that allows you to make progress on each goal and build the resources you will need to achieve each goal will help you to be successful in your quest for long-term financial well-being.

MISTAKES

Following are a few of the most common mistakes couples make that get them off-track financially:

- One of you creates a budget without the other's input. For example, if the partner buying the groceries, the children's clothes and so on has not been involved in the budgeting, the budget could blow up before you get started.
- You create a budget but you don't review it regularly. If you don't review your budget periodically then you will likely lose focus and not stick to the budget as an individual and a couple.
- You play the game of, "You bought this, so I bought this." This is a dangerous game that can destroy a budget very quickly. It also leads to hiding what you buy from your partner.
- You fail to discuss or prioritize your goals as a household. If one of you sets your vacation as a priority and the other home improvements, the lack of consensus makes it less likely that you will meet those goals. This is also true for larger long-term goals such as saving for a child's college or what you each envision your retirement to look like.



GOOD HABITS

Following are a few habits to adopt to keep you on-track financially:

- Create a budget together and both have input. It is common for one person to take the lead on an initial draft of your budget and monitor your progress toward a budget, but if you are both invested in the budget, it substantially increases the likelihood that you will both stick to it.
- Review your progress regularly — monthly if possible but at least quarterly. If you create a budget then ignore it for the year, you are not likely to be successful. This is true as an individual or a couple.
- Each year set goals of what you, as a couple, would like to purchase, save for or pay off that year.

Review your progress toward those goals on a consistent basis.

- Avoid spending sprees. Having a realistic budget is important. If you budget for less money than what you typically spend in an area, you are not off to a good start.
 - Creating separate accounts and funding them each month with “spending money” allows you each to spend or save for your personal purchases without impacting your household budget or your joint assets designated for family goals.
 - Designating an account for a specific goal (or if your bank allows you to earmark dollars for different goals within one account) can help ensure you save enough for that goal and that dollars don’t get mixed into the monthly household budget or other savings goals.
- Discuss your long-term goals and expectations, and review your progress and how your goals are changing. Such goals as:
 - Major purchases such as a new home or a renovation
 - Plans to fund all or a portion of children’s college tuition and expenses
 - What you envision your retirement to look like: your ages, where you want to live, the activities you would like to be engaged in.

As a financial advisor, I help my clients plan for all aspects of their financial lives. We review their goals and where they stand relative to those goals on a regular basis and make tweaks as needed. In my experience, couples — and individuals — who have a realistic plan and budget are more confident in their financial futures and deal with less stress about financial matters. If you communicate and work as a team when it comes to finances, it will help you accomplish the goals you have set and decrease the likelihood of arguments over money, one of the most fought about issues by couples. And if we can reduce or eliminate disagreements on financial issues as a couple we can focus more on enjoying life together.

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As a senior financial advisor with HBKS® Wealth Advisors, Brittany guides her clients in achieving their overall financial goals by establishing and overseeing a plan of action that is specific to their unique economic and life situations.

Brittany started with the firm in 2001. She earned her Bachelor of Arts degree in business management and finance from Mercyhurst University and has her CFP® (CERTIFIED FINANCIAL PLANNER™) Certification.

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