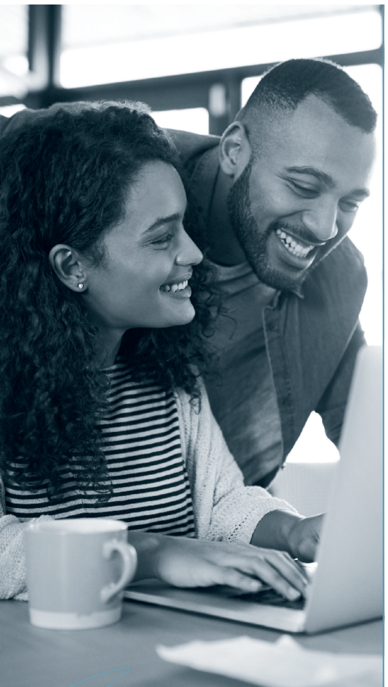
The Division of Labor in Marriage



A Financial Perspective

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IN ANY MARRIAGE, dividing responsibilities is essential to keeping things running smoothly. From breadwinning and childrearing to household chores, it's common for each spouse to take on tasks that align with their strengths, interests, or simply what they enjoy doing. This division of labor is also true when it comes to managing finances — the "money stuff."

In many couples, one spouse tends to take on the role of the family's financial decision maker, while the other is less involved in the day-to-day money management. This division is perfectly appropriate; not everyone finds financial matters to be endlessly fascinating. While some enjoy budgeting, managing investments, and ensuring bills are paid on time, others would prefer a root canal to discussing taxes or annuities. This contrast in preferences, strengths, and weaknesses is a natural part of a relationship.

But when it comes to money, there are crucial considerations that go beyond personal interests.

THE IMPORTANCE OF SHARED FINANCIAL GOALS

Effective financial planning begins with clear goals. It's essential for both spouses to align on both major and minor financial objectives. What legacy do you want to leave? How much support do you want to provide your children during your lifetime (e.g., paying for college or buying a home)? What would need to happen for you to take that dream vacation? Do you want to age in your current home, or move somewhere else?

The list of goals could go on, but the point is this: Partners need consensus on their financial objectives. Without a shared vision, a financial plan is like a map with no destination.

When we approach these issues with our clients, the disconnect between spouses can be eye-opening. Many people assume they are on the same page as their spouse, only to find they have totally different thoughts and beliefs about money. If you and your spouse haven't talked about your financial goals in detail, it's time to start.

THE EMOTIONAL COMPONENT OF FINANCIAL MANAGEMENT

Money isn't just a practical matter; it can be deeply emotional. Different people bring different financial backgrounds, beliefs, and fears into a marriage. For example, one spouse may have grown up in an environment of financial scarcity, which leads to anxiety about spending, while the other might come from a more affluent background and might not worry much about money.

Differing emotional attitudes toward money can create tension, so it's important for couples to recognize and address the emotional side of their financial relationship. By having open discussions about how each person feels about money, you can better understand each other's values, fears, and financial habits.

For example, a spouse who is risk-averse may not want to invest, while the other spouse might prefer to take calculated risks to achieve higher returns. Addressing these emotional factors, such as discussing why you feel the way you do about money, can help avoid resentment and create more financial harmony.

COMMUNICATION AS A TOOL FOR CONFLICT PREVENTION

Money is often a source of tension in relationships, and poor communication can lead to misunderstandings or disagreements. To prevent financial conflict, couples should establish regular "money check-ins" or meetings to discuss their financial health. These conversations don't have to be long or detailed, but they should be a dedicated space for talking about goals, upcoming expenses, and any concerns. By setting aside time to talk openly about finances, couples are more likely to avoid misunderstandings that can lead to arguments.

In these check-ins, each partner should feel comfortable voicing their concerns or ideas without fear of judgment. If there's an issue like one spouse spending too much on non-essential items, this should be discussed calmly and constructively. It can also be useful to set joint financial priorities so that both partners are equally invested in reaching shared goals.

REVISITING FINANCIAL ROLES AS LIFE CHANGES OCCUR

Major life changes — having children, retirement, career changes, relocation, and such — often require couples to reassess and adjust how they manage finances.

For example, when one spouse retires, their role in managing family finances might shift. If they suddenly have more time to focus on investments or budgeting, it's important to discuss how this might impact the division of labor. Similarly, life events like caring for aging parents, purchasing a home, or changing careers can all necessitate a reassessment of financial duties.

Having periodic "financial checkups" as a couple allows you to stay aligned, adjusting responsibilities and goals as needed. Life is full of transitions, and staying adaptable ensures that both partners feel supported, regardless of changing circumstances.

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PREPARING FOR THE UNEXPECTED: WHAT HAPPENS IF THE DECISION MAKER CAN'T HANDLE THE FINANCES?

Another significant consideration arises as the family financial decision maker ages. According to research from ScienceDirect, about two-thirds of Americans experience some level of cognitive impairment by the age of 70*. This affects all areas of life, including finances. In fact, one of the earliest signs of cognitive decline is missed mortgage payments, forgotten credit card bills, or problems keeping up with financial paperwork.

If the primary financial caretaker in the family begins to struggle, would the other spouse know how to step in and take over? Can they locate the estate documents or know whom to contact for insurance help? Do they know how to pay the monthly bills or where to find the necessary login information? Would they be able to manage investments or handle taxes?

Even if one spouse is currently managing all of these tasks efficiently, the reality is that things could change unexpectedly. If something were to happen to you, could your spouse take over without missing a beat? For most couples, the answer is "no."

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The key to mitigating these risks is creating a financial contingency plan. This means making sure both partners are equally aware of where to find important documents, how to access accounts, and what the overall financial picture looks like. The division of financial labor should involve both people knowing enough about the financial situation to manage it independently, if necessary.

It can be wise to work with a financial professional to create a plan for how responsibilities will be transitioned in the event of illness, incapacity, or death. This may include assigning durable powers of attorney, setting up trusts, and ensuring both spouses understand the implications of these decisions.

THE IMPORTANCE OF PROFESSIONAL GUIDANCE AND SHARED RESPONSIBILITY

Such issues reinforce the importance of a relationship with a trusted financial professional who can step in if needed. If your spouse isn't involved in managing the finances now, it's wise to introduce them to the financial advisor who helps you. If you currently manage it all yourself, consider interviewing and vetting professionals who could take over when you no longer can. It's important to use professionals you can trust, and if the financial decision making spouse is able to decide who those professionals are before it's too late, the remaining spouse will be much better off.

Bring your spouse to meetings with your financial advisor, estate planner, or tax professional. Not only does this build familiarity with your financial team, but it also ensures they are prepared to handle things if something were to happen to you. Working with financial planners, accountants, and estate lawyers is not just about investing wisely or minimizing taxes; it's about ensuring your family is prepared for any future eventuality. If one spouse is unfamiliar with the financial advisor's style or the types of investments made, they might be at a loss if they have to take over those responsibilities unexpectedly. By involving both spouses in the process and educating them on key financial decisions, you create a system of support that can ease the transition, no matter what life throws your way.

There are financial professionals who specialize in helping couples navigate their financial relationship. For example, a couple's financial therapist could help work through differences in spending habits, values, or decision-making styles.

A STRONGER, MORE SECURE FINANCIAL FUTURE

In the complex world of finances, it's easy to default to one spouse taking on the primary role of managing money. But just as you would discuss other important aspects of your marriage, like parenting or career goals, it's equally important to have open conversations about your financial future. Aligning on goals, preparing for the unexpected, and ensuring both spouses are involved in the process are essential steps toward long-term financial security and peace of mind.

By embracing shared responsibility for financial management, whether through communication, professional guidance, or emotional understanding, couples can work together to build a more secure, stable future. Money may be one of the most significant sources of stress in relationships, but it can also be an opportunity for growth, collaboration, and mutual support.

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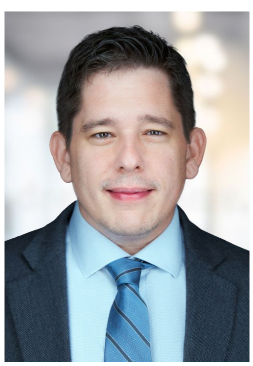
*Cognitive impairment in the U.S.: Lifetime risk, age at onset, and years impaired; https://pubmed.ncbi.nlm.nih.gov/32300635/



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Michael earned a Bachelor of Business Administration (BBA) in Accounting from Florida Atlantic University in 2009. He is a CERTIFIED FINANCIAL PLANNER™, a Certified Public Accountant/Personal Finance Specialist, and he holds the enrolled agent designation from the IRS. Michael is also a member of the American Institute of Public Accounts, Florida Institute of Public Accountants, and Martin County Estate Planning Council.