LOVE & MONEY MAKE FOR A BLISSFUL MARRIAGE

By Carol Yip

Money for love or love for money?
Both are intertwined. We need love to live a meaningful life, have relationships, because we need to have a sense of attachment, to love and to be loved. At the same time, we need money to buy at least our basic needs like food and a roof over our heads.

Both love and money are emotional things to a person. It is difficult to separate both and not talk about it in marriage. When there is no love, marriage is meaningless. Same goes for money and marriage. We can't survive on love alone in a marriage without money.

For a woman or man who is financially independent, getting married means fulfilling his or her love need, but one has to make a decision of whether to remain financially independent and single or share the wealth with his or her spouse.

Which is more important? To share or not to share with the spouse his or her current wealth, the wealth that he or she will generate in the future including the wealth that he or she may generate together with the spouse such as getting in a business partnership with the spouse, or investing into some properties and other investments together.

Money is a sensitive topic. We try to avoid the conversation, because it may create unpleasantness, arguments or misunderstanding with our spouse.

If we don't have money conversations at home with our parents and siblings, what are the chances that we have money conversations with our spouse?

Unless the man or woman had previous bad experiences, like being cheated by a man or woman financially, he or she may not be wise enough or have the courage to talk about financial arrangement with the spouse.

Always remember, your spouse's behaviour, emotions and habits will have impact in the financial wellbeing of your marriage. Therefore, ideas on how to manage money as a married couple is an important topic for a woman to discuss with her husband-to-be, not forgetting that the husband-to-be may have different ideas managing finances and growing wealth and vice versa for a man and his wife-to-be.

It is important that both persons see eye-to-eye about how to manage money as a couple, as it is no different than talking about having children, or a retirement plan.

You are unique and so is your spouse!
Always remember this: each person is unique (including you) and another person may have a mindset that is different from yours.

How you spend your money depends on how you think and feel, i.e.: your behaviour and habits may not be the same as your spouse. What you expect your spouse to do with money, such as a choice of investment may not the same as your idea of investment. It can be a simple decision such as whether to save money in a fixed deposit, because it is safer than to invest into shares. Both of you may have a different opinion.

Our belief in money and how we manage our money can be influenced by our parents, lifestyle, exposure to the environment in which we grew up in and currently live in. Therefore, it is unusual to have a couple with similar thoughts about managing money, unless both have trust and mutual respect for each other, which are the important foundations of a good marriage.

Why a pre-nuptial agreement?

It is important for you to communicate your ideas of managing money with your spouse before you sign a pre-nuptial agreement. This is an important step for a marriage to work, because money can be a major stressor in your marriage and cause marriage failure.

Yes, it is not romantic at all to talk about a pre-nuptial agreement with your spouse, but it is something you need to do in order to avoid unnecessary financial fights later in the marriage. It is better to trash out different opinions in managing money before getting married to avoid emotional stress to talk about getting a divorce later in life.

If you feel that writing a legal pre-nuptial agreement is not the best thing to do or it is not acceptable legally in court, then you must make an effort to sit down with your spouse (find an appropriate time and place to talk) about your ideas on money and marriage.

Remember to respect and listen to each other's viewpoint when both of you talk about money. It is pertinent to explain and rationalize with your spouse the ideas expressed or suggestions proposed, so that he or she can see your point of view, because what seems to be illogical to him or her, can be sensible to you.

Work together to develop a mutually agreed financial arrangement that both of you will feel good and comfortable with, as you or your spouse may have financial obligations and commitments that may be brought into your marriage.

Tell your spouse how you want the assets that you have accumulated before marriage to remain in your name regardless of the outcome of the marriage, and that you want those items to remain in your family, that you do not want them to be given to him or anyone else under any circumstances and explain to him the reasons you are doing so.

Discuss even unpleasant topics such as: who will help you out financially if you or your spouse lost your job or your business failed, or if you were not able to work due to ill health or disability? How will your financial commitments to family (parents or in-laws), and personal debts incurred before marriage be fulfilled and managed if you are unable to do so yourselves?

It is also good to talk about habits and vices that cost money like shopping, smoking, drinking, hobbies or interests. Talk about medical bills for you and your spouse and expenses during pregnancy and delivery of baby. How will such expenses be paid?

Next, both of you have to talk about income source including salary and other sources of income. If you are earning more than your husband, how will you want to share your income in terms of paying for the household expenses and savings for the family and retirement? Likewise, if your husband is earning more than you.

Create a life mission together with your spouse. With the mutually accepted life mission, you and your spouse need to make a list of life values and beliefs that will have impact on money, including plans for children, how and when both of you want to retire, what are both your future intentions in terms of career, etc.

Don't forget, both of you may have different ideas of retirement. Therefore, it is important to talk about your retirement dreams and lifestyle, so that your spouse has some ideas what to expect when retirement comes. One of you may retire earlier than the other, and sometimes the money left for retirement may not be sufficient. In this case, will your spouse be able to pay for your retirement expenses or you may have to pay for your spouse retirement expenses?

You and your spouse must have a mutual understanding of how to save for retirement. Should each of you save individually for retirement or have a joint retirement savings.?

Who should handle the financial chores?

As working for company, in a marriage, you should both have job descriptions. It is advisable to have clear and well-defined roles and responsibilities to avoid financial miscommunications and misunderstandings.

Both of you have to decide who handles routine bills, paying for the family and children, household budgeting, and savings and investment decisions.

There are 3 important points to consider to ensure financial chores are handled appropriately between you and your spouse.

1. Be clear with each other's financial expectations and responsibilities to avoid unpleasant moments.

2. Commit to keep each other informed about the state your financial affairs and take the time to review and discuss possible ways to improve your finances.

3. Get to know each other's financial strengths and weaknesses, and help each other to improve the money management tasks for the family.

Joint account for common expenses

It is good to have a common understanding of what are the common expenses to be paid as a couple and the financial amounts that need to be paid.

Common expenses such as household expenses, children expenses, eating out, going out and entertainment, holidays or expenses for parents or parents-in-law or siblings who happen to stay together in the same house, and even housing loan for the house that both of you buy together with both your names on it.

Do not forget that if your spouse fails to pay the housing loan, you will be responsible to pay the mortgage since you are co-owner of the house, unless other repayment plans have been set in place.

Once the common expenses have been established, decide on the amount of money to be put aside to pay for these expenses on a monthly basis. This can be based on an absolute amount, depending on the affordability of your income earning capacity, or you can both choose to put aside a certain percentage of your salary.

You can have a joint account to save the money on a monthly basis to pay these common expenses. Remember to review the list of the common expenses often, at least once a month to see if these expenses are increasing due to inflation or lifestyle as a couple.

If both of you decide to use credit cards to pay for some of the common expense, then it is important to make sure that the person who is going to use the credit card must have access to the money from the joint account, so that there is not complication to pay credit card debts.

Common savings account for emergency purposes

As a couple, it is important to set aside an emergency fund for unexpected things that can happen, because now you are no longer living a life as a single person, but as a family unit. Such emergencies can include: unexpected medical bills for either one of you, children or other family members in your care, house or car repairs, and gift-giving events, etc.

It is good to budget for such unexpected expenses and decide a quantum amount as common savings for both. Any unused fund in this savings account could be added to your retirement fund for both of you if unused by the time you reach retirement.

Common investment portfolio

As a couple, you and your spouse need to talk about each other's investment style including investment risk appetite and preferences such as investment products (property, shares, unit trust). It is wise to have a common investment portfolio to meet future financial goals, such as retiring together and living a comfortable life. These investments are also usually used to pay for your children's living and education expenses.

Unless you explicitly trust your spouse can handle investments better than you, if you cannot come to a common agreement on a particular investment style or preferences and foresee that future investments may become an eventual issue in your marriage, it is best to engage an investment professional for advice.

Personal savings and investments

It is always good to have a personal savings account for financial security. Your personal savings is meant to fulfil your personal needs, interests and dreams. At the same time, your personal savings are also meant to pay for your personal financial obligations to your family (if any) and personal financial commitments like debts that you have incurred before marriage.

Personal savings is about your own personal financial freedom. It is also an implication of emotional freedom to do things that you like to do without having to ask money from your spouse. Unless you depend on your spouse for money to survive, nothing is more valuable than having freedom to decide how you want to spend and invest some of your money.

Insurance protection

It is wise to review your insurance protection needs before getting married. Due to your marriage financial commitment and obligations, there is a need to increase your insurances including: life insurance, critical illness insurance, medical insurance and personal accident insurance.

If both of you own a house or car jointly, you will have to buy general insurance to avoid unnecessary financial difficulties when there is a need to replace the car or upgrade to a bigger house.

Writing a will and creating a trust

Writing a will is a must for you and your spouse. It is your wish list of how you want to distribute your assets to your loved ones after your death.

It is important to discuss who you will appoint as executors of your will and guardian of your young children. It is important for both of you to mutually agree to the division of each other's assets in the will in order to avoid misunderstandings when the will is read to your beneficiaries.

It is also a good idea to create a trust if you have assets worth millions, to ensure you leave a legacy and protect your wealth for the next generation, just in case your spouse is not able to manage your assets after your death.

Pre-relationship and post-relationship debts

This may sound harsh, but it is imperative that you discuss with your the debts that both of you will bring into the marriage, if applicable. It is best that pre-relationship debts be kept separate and it is the obligation of each individual to settle those debts as soon as possible. It is important that both of you make a commitment to settle personal debts within a period of time after the wedding, if those debts cannot be paid off before you get married.

It is much healthier to start a life together debt-free!

Should it become necessary to apply for a loan or even a credit card once you're married, you will need to discuss your ability to pay for that new debt commitment. Both of you must mutually agree upon the terms of payment and time period to settle the debt.

You and your spouse should not hide from each other this topic of debts, because failure to fulfil loan obligations by either party can cause financial disaster to the marriage.

Frequency of financial check-ups

It is a healthy practice for a couple to prepare a monthly budget and spending plan, and track the spending of money daily, using a family cash flow statement. The family's net worth (assets & liabilities) should then be reviewed monthly.

Both you and your spouse must commit to review the household financial commitments and net worth every month. Make it a monthly affair and a fun exercise to do together. Talk about the positive ideas to improve the household financial commitments, find creative ideas and reasons to grow more money for each other.

Talk about ways and ideas to save more money and create action plans with commitments to achieve those plans within the agreed timeframe. Supporting each other to make these plans workable will strengthen your relationship and assist you through life's "thick and thin".

Working together to build a solid financial foundation is a very important element to a happy, harmonious and meaningful marriage.