Money Secrets of Happy Couples

HOW YOU SPEND, HOW YOU SAVE, AND HOW YOU SHARE AND MANAGE THE HOUSEHOLD INCOME CAN INFLUENCE A LOT MORE THAN JUST PAYING THE BILLS.

By Maggie Puniewska

MONEY CAN HELP you and your partner pay for the things that make your life nice. Unfortunately, it can also cause some serious clashes. In a survey by Ally Bank, 36 percent of couples reported that money was the biggest source of stress in their relationship. Luckily, it *is* possible for partners to come together. Here are nine ways to have a more harmonious financial partnership.

1

They get to know each other's money habits.

Before you discuss a day-to-day budget or long-term dreams, identify your big, overarching money values. Talk openly about your experience with money growing up: What did you like about your parents' habits? What did you turn against? Couples who understand where their partner is coming from tend to have fewer conflicts, says Megan Ford, a financial therapy researcher at the University of Georgia. And studies show that understanding values helps foster more acceptance and empathy in relationships. If you want to use a structured questionnaire, try NerdWallet's free online money-personality quiz, which is based on a Kansas State University study. If the conversation leads to more questions—or arguments, or headbutting—or you're dealing with an issue like chronic overspending, consider speaking to a financial therapist.

2

They appoint a CFO of the relationship.

With so many money matters to keep tabs on in a household, it's helpful when one person takes the lead. "Having a chief financial officer makes for more efficient operations—it's not a battle each month to decide who keeps track of spending or who'll do the taxes," says Molly Stanifer, a certified financial planner at Old Peak Finance in Traverse City, Michigan. That doesn't mean the money manager has to do *everything*: "I am the CFO of our relationship, tracking the budget, credit cards, and debt, but my husband handles a lot of the decisions related to our house and cars," says Irina Gonzalez, a writer in Fort Myers, Florida. If you need an outside opinion on thornier concerns, a financial adviser can assist with drafting a budget or getting on track with retirement. Apps like Mint and Quicken can also help organize spending trends.

3

They open joint accounts.

Shared accounts may not be as common as they once were. Today, 28 percent of married millennials keep their finances separate, compared with 13 percent of boomers, a Bank of America survey found. But advisers recommend a joint account for shared expenses, like rent, utilities, and vacations. If that feels daunting, try a joint credit card first, says Whitney Ditlow, a financial adviser at Northwestern Mutual in Miami, Florida. "It builds trust and gives you full disclosure, since you can see everything being charged." (Split the bill via your separate checking accounts.) Six months is a good trial period; if things are going well, a joint bank account can be the next step.

4

They decide the fairest way to split the bills.

No, it doesn't have to be 50/50. "Fair is a feeling, not a fact," says Ashley Agnew of Centerpoint Advisors in Needham, Massachusetts. "As long as both people are comfortable with the arrangement, it's fair." Many financial advisers suggest splitting proportionally based on income. For instance, two people making $150,000 and $50,000 would cover 75 percent and 25 percent of shared bills, respectively. Deposit your portion of each paycheck into a joint account and you won't have to do math every time you get a bill, Ford says. You may want to factor in unpaid work, like childcare or housework. If one person does far more, perhaps they don't pay as much, Ford says.

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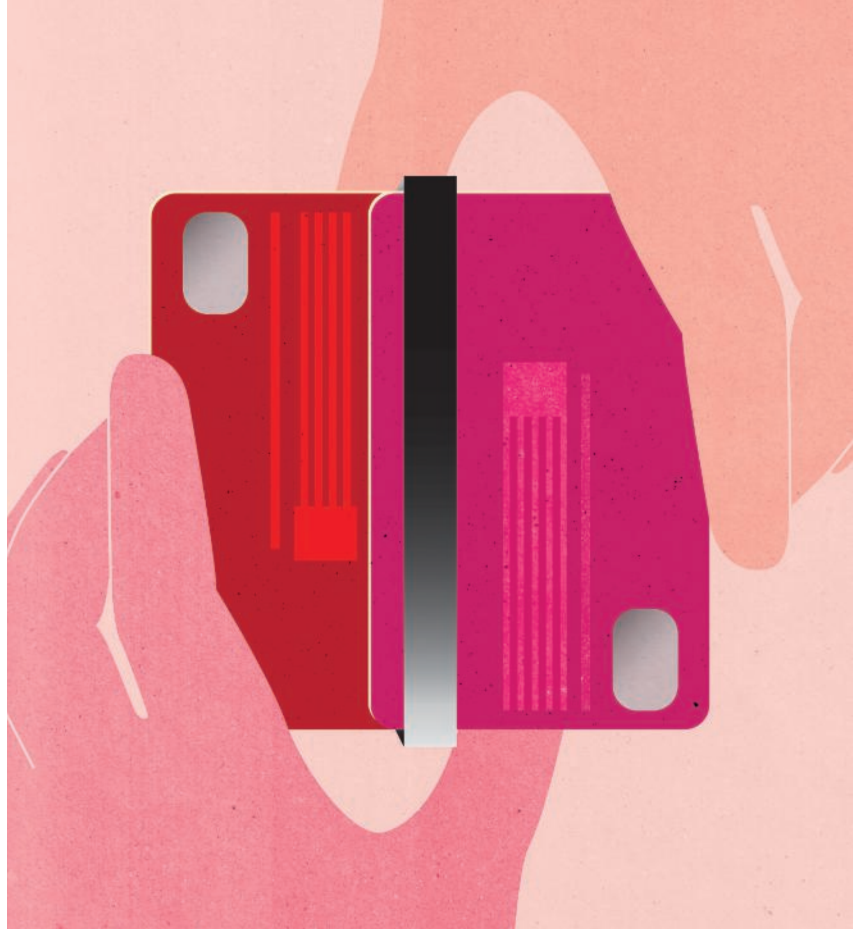
Illustrations by Kotryna Zukauskaite



5

They discuss lopsided debt.

In 86 percent of marriages, at least one person has debt, according to a survey from SoFi, a personal finance company. While you're not legally responsible for the debt your partner racked up before you got together, you should plan how to pay it off as a team so you can reach your shared financial goals, Ditlow says. You might have to make some sacrifices, like trimming vacation costs or swapping a few pricey dinners out for home-cooked meals, she notes. You might even adjust how much each person contributes to shared expenses. "My partner makes a lot more than I do but also has more personal debt, so we split household expenses equally rather than proportionally by income," says Erin Garcia, a communications specialist in Chicago. "We want to buy a home soon, so it made sense for us to do it this way so he can pay off his loans more quickly." If you want to contribute money toward your partner's debt, take stock of your own finances first. "You should be in an A-plus financial situation, without any debts of your own and with an emergency fund, and you should have maxed out your retirement contributions for that year," Ditlow says.

6

They have a monthly money talk.

Start a standing monthly meeting—say, every first Thursday at 8 p.m.—so it's not forgotten or delayed. (If you have separate accounts, meet more often, since you don't have the transparency of a joint statement.) During this check-in, review your bills, budget, and progress on any debts and goals, noting what went well and what needs to be shaped up, Stanifer says. To feel more engaged, the non-CFO partner should be in charge of setting the meeting agenda. Add an incentive to keep you from dreading the chat: "We order our favorite pizza, which makes meetings feel a little more fun," Gonzalez says. Also, set a timer. "My husband and I have a hard stop of one hour, which helps us maintain focus," Agnew says.

7

They know how they'll spend a windfall.

Of course you've idly imagined what you'd do if you won the lottery. But what about the more likely instances of a bonus, inheritance, or property sale? Manisha Thakor, vice president of financial well-being at Brighton Jones in Seattle, recommends deciding how you'll parcel out the money *before* you get it. Don't spend in advance—Thakor has seen inheritances fall through, leaving couples with huge debt. Once the cash flows in, Ditlow suggests putting 70 percent toward savings or investments, using 20 percent to pay off debt, and taking what's left for lifestyle upgrades. For windfalls of $50,000 or more, consider getting insight from a financial planner.

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8

They plan for doomsday scenarios.

Prioritize writing a will, authorizing financial and health care powers of attorney, updating beneficiaries on your accounts, and making other end-of-life arrangements. Tackling these things may feel scary, but it can be relatively painless. As long as you know your beneficiaries' social security numbers, you can simply fill in template forms, says Thakor, who recommends LegalZoom. If you have a more complex financial situation (for example, you have a business, trusts, or assets of $2 million or more), hire an estate attorney to draft the appropriate documents. The cost generally starts around $2,000.

9

They consider a prenup.

Prenuptial agreements shouldn't be seen as an omen of a doomed relationship. A MassMutual survey found that among millennial married couples, 14 percent have one—that's significantly more than the 3 percent of boomers who do. Suggesting a prenup convo isn't always easy, so Thakor recommends framing it as a financial checkup. Try saying, "I am a huge fan of prenups because you have to lay everything on the table, so it's a great opportunity to do a full financial physical and then create a road map for the future." Attorneys can help any couple draft one, but legal help is especially valuable for partners with kids from a previous marriage and people with assets of $250,000 or more.

3 ESSENTIAL APPS FOR SHARED FINANCES

Split bills, track spending, and negotiate cheaper household expenses with these clever tools.

ZETA: Ditch the mental gymnastics of monthly bill splitting—this app can automatically divvy up transactions. It's handy even if you don't have a joint account; you can share financial information with each other and set up goals with personalized names, like New Baby Savings and Island Getaway. (Free; iOS and Android)

HONEYFI: Link separate bank accounts to track spending and bills in one place. The app lets you choose which transactions to share with your partner (ensuring a surprise birthday gift won't be given away!). A recently launched Spending Challenges feature turns saving into a mini competition: Pick a category you both want to cut back on, then see who can spend less. Stash savings toward a common goal. ($10 a month per couple; iOS and Android)

ALBERT: This app uses an algorithm based on your income, spending habits, and bills to create a custom budget. It can also search for better deals for your phone, internet, cable, and security bills. If it finds one, experts will negotiate a sweeter rate for you; the average user can save around $250 per bill per year. The app is free for the first month, then you pay what you think the service is worth, with a minimum of $4. (iOS and Android)