



Let's talk about money!

How to survive different spending habits

We are told that money is usually one of the main causes of relationship problems and breakdowns...or is it?

Many experts agree that it's really a lack of communication skills and compromises.

Money has meaning beyond the numbers on a page or notes in your wallet. It is strongly linked to our sense of security and self-worth. If you and your partner argue about money you're not alone. Most do!

So how can we improve our financial communication?

1. Discuss your differences

Spender or saver – which one are you?

Some like to spend their pay before the end of the month and hope the credit card still has room to cover possible shortfalls. Others like saving for a rainy day.

Are you the spender in the relationship where your partner always questions how the money has been spent at the end of the month? Or is it the other way around? Why have we attracted someone who is completely different to us on the financial platform?

The reality is that we all have different emotional and financial security needs. In many relationships one person wants to spend the money they are earning to enjoy luxuries and live life in the moment. However the other person may feel a constant need to save for a secure future. We find that spending habits, attitudes and beliefs about money tend to be noticed more significantly when you begin to start a family.

It's my parents' fault!

We learn our spending and savings patterns by watching our parents. These

habits tend to stay with us throughout our adult lives. Sometimes this means we behave the same way, but surprisingly some of us often take a polar opposite approach to our parents.

Communication is the key

It can be very useful to share your observations and experiences with your partner in a non-judgemental and non-confronting way. You could perhaps start by describing the financial style of your immediate family members and who you think you are most like.

These can be tricky conversations, but if you can find a middle ground it can make a world of difference to your long term happiness.

2. Plan to secure a financial future together

Understanding each other's differences and establishing open communication will help in establishing your agreed plan. Ask your partner about their own personal dreams and long term financial goals. Looking at the bigger picture helps you decide if you are both prepared to make sacrifices to your current lifestyle (however small) to achieve long term wealth. Remember you both need to be financially responsible AND financially satisfied. More often than not, common financial ground can be found.

3. Budgeting is not about going without

In fact a realistic budget allows you to enjoy your own spending style with the confidence that you are also getting ahead.

Ensure your budget is realistic by estimating your future expenses from past expenses and track your regular and incidental costs for a few months. Cater and plan for these expenses.

Ideally your budget will allow you and your partner investment options (eg

set aside an amount for an investment property) to assist in your wealth creation.

4. One pot or two?

The decision about whether to opt for a traditional combined household fund is a big one and really depends on your personal circumstances. These days many couples keep their own accounts and contribute equally to household expenses. Others do both – a joint account and their own separate accounts.

This is a subject that requires an open discussion about your circumstances (eg if one person is earning a much higher income or there are children to support).

5. Should you have a financial controller?

Some relationships work really well with both people actively involved in the finances. However the picture we often see is that the person who has strengths in this area becomes responsible for household finances.

Because it can be a thankless task for those holding the purse strings, we recommend a regular joint review of your financial situation, budget and goals.

Regardless of who is managing the finances, everyone needs their own spending money. This is especially important to help reduce the power imbalance that often exists when there is only one income earner.

'Although you may inherit your spending, saving and investing habits through influences and experiences, if they are not generating the results you desire then it may be a good idea to change them.'

There is a huge financial future available for most people. The reason 80% of us hold back is that we fail to take control of our financial position and do not have a full understanding of our investment options. We don't know what we don't know, and at the risk of seeming uneducated we are usually too afraid to ask.

We also often hear that "my partner is averse to investing", so nothing happens.

It is OUR role to help you understand what is in YOUR best interest based on a discussion of your individual circumstances.