

## 6 Money Conversations to Have in a Long-Term Relationship

*Presented by Kelley McGoldrick*

All couples hope for a “happily ever after,” but it’s no secret that money issues can be primary reasons partners split up or divorce. To avoid future battles over finances, it’s smart to put all your cards—credit and otherwise—on the table. Of course, a conversation about salaries and student debt is probably premature on a first date. But once you decide to enter a long-term relationship, be sure that you and your partner are on the same page about handling current and future expenses. Even if you’re married, it’s never too late to talk about where you stand and where you’re headed financially.

As you plan this year’s Valentine’s Day celebrations, it might be the perfect month to arrange a date night, break out the bubbly, and set yourself up for that happily ever after by having these important financial conversations.

### 1) What Do Each of You Bring to the Table?

It’s a good start to be honest about liabilities, such as student loans, credit card debt, medical expenses, and other financial obligations, as well as assets, such as salary and investments. Knowing these figures will help you plan for the future and understand how you’ll need to budget. It may also give you a bit of a reality check. Once you combine finances, your goals will be mutual—perhaps owning a house, paying off debt, starting a family, saving for retirement—and you’ll need to work together toward them.

Lying to your partner about money, or hiding debt or separate accounts, is often referred to as financial infidelity. This term alone gives you a sense of the trouble it can cause in a relationship and why it’s ideal to be honest about finances from the start.

### 2) What Are Your Credit Scores?

Your credit scores will factor into your ability to buy a car or house—or even rent an apartment. Since these events will inevitably happen during a long-term relationship, revealing your scores early will help you determine whether you’re in good standing as a couple or if you’ll need to improve your scores before attempting a big purchase. You can start by getting a credit report from Equifax, Experian, or TransUnion (you’re entitled to one free report from each company per year). Go to [AnnualCreditReport.com](https://www.annualcreditreport.com) to get started. Need help getting your score up? Check out [Credit Karma](#) or [NerdWallet](#) for tips.

### 3) How Will You Split Expenses?

Drawing up a monthly budget is a huge step toward the goal of financial stability. Consider how much income you are bringing in, what your regular costs will be, and whether you will pay them from a joint account or split them up. There are many budgeting apps you can use to help you set up a plan and stick to it. You’ll also want to have an emergency fund, which should cover three to six months of expenses. If you don’t have enough to set those funds aside, factor a monthly contribution to your emergency fund into your budget plan.

### 4) What Is Your Risk Tolerance?

Whether you’re a risk taker or have a more conservative approach, it helps to agree with your partner when it comes to investing as a couple. Risk tolerance also comes into play regarding debt or divorce. Although signing a prenuptial agreement is often associated with protecting your assets in case of a separation, it can also protect one partner from another’s debts—either personal or business related. Having a conversation about the value of such a document could help prevent problems in the future.

### 5) Will You Have Kids?

According to the [Brookings Institute](#), the average cost of raising a child born in 2015 through the age of 17 is \$310,605. Needless to say, having a child—and certainly having multiple children—would be a major expense. Childcare (or living on one income if a parent is caring for the child) is another big cost to consider. Hospital expenses are often high before your child even arrives. In addition, adoption, IVF, surrogacy, and egg freezing and storage can be expensive, should you go through any of those processes.

## **6) What Are Your Plans for Retirement?**

Once you've had these important financial conversations, you'll be on track to eventually head into your golden years and retire together. You should start planning for that as soon as possible. The earlier you set up a retirement plan and start accumulating savings, the less you'll need to contribute on a regular basis. If your employer offers a 401(k) or another plan, decide if you can afford to start contributing now. If they offer to match a percentage of your contribution, that's even more incentive to enroll.

Discuss your retirement plans with your partner. At what age do you hope to retire? How much savings will you realistically need to support yourselves from that retirement age through the rest of your lives? Do you plan to travel? Relocate? Talking through these answers will help determine how much you need to save together to retire comfortably.

Although this isn't the most romantic list, a solid financial foundation is a critical aspect of a long-lasting partnership. If you need additional information about any of these discussion topics, please reach out to our office.

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