A FINANCIAL PLANNER'S ADVICE TO YOUNG COUPLES

By Stanley Tordiffe | Financial Planner | PWM Cape Town

A successful marriage or long-term relationship is key to living a rewarding life.

Communication between spouses or partners, in turn, is also vital in financial planning. My own experience is that there is a high degree of correlation between spouses having open communications in their finances and in their relationship.

After this, it also extends to being a better parent, to estate planning and passing wealth from one generation to the next. The most successful transitions occur where a clear, well-defined family plan is shared a long time before any death.

When meeting with younger clients in long-term relationships, the discussions are often dominated by sharing their needs around regular budget expenses, savings and investment for the long term and locking into low rates for quality life assurance requirement. This then evolves into a discussion around medium- and short-term savings, where there may be fewer funds to allocate, with little discretionary funds available. As we age, none of us wants to be the poor and struggling, and perhaps not in the best state of health either, however, along with the journey, one also needs shorter-term goals within the longer-term view and planning framework.

For me, this is much like when I run a marathon or an ultra, and especially a 100 miler, where I need to break down the kilometers into bite-size chunks to make it more manageable for me.

Running my first 100 miler in 2013, I recall getting to the 60km mark thinking, I have run more than a Two Oceans Ultra (56km long), I still have a 100km to go and I haven't even yet run a 100km before (my longest to that stage being the 90km at Comrades)!

Even in a standard 42km marathon, after halfway, I need to break the run down in my head to 5km or 30-minute splits. It makes it far easier to manage mentally, having small wins along the way.

In the same way, especially for younger or newly married couples, for their shorter-term finances, I believe they should include having a "non-explainer to your spouse" allocation in their monthly budget.

Having said this, I like to recommend that each spouse has an amount allocated to spend on themself, importantly, that they don't have to account for to their partner. Let's say it's an amount of R1 000 or R2 000 per month.

Notably, the rand amount allocated should be the same for both spouses, regardless of who earns more and this amount is up to them to decide and agree on.

Each of them can spend, the amount agreed upon, without ever needing to account to their partner.

By way of illustration, let's say the husband plays golf and they have a personal budget of R1 000 per month for golfing in their monthly budget. When the husband decides he needs a new golf club as the old one isn't working as well, and it will cost R1 800 (i.e. much more than his spouse thinks), he can now use his monthly golf allowance, plus R800 from his "discretionary R1 000 or R2 000" per month allocation.

If the wife asks how this was funded (where full communication on financial matters is always open), he says he funded it from this discretionary allowance.

Of course, the golf club is only an example. It could be anything from running shoes (good ones now cost over R3 000) to that new gas braai, wine collecting etc.

Likewise, the wife may fancy a new dress for a gala dinner she will be attending. She has a monthly clothes allowance in their monthly budget of R600. Now, what good dress can you get for R600 (?), and it will be a special dress only for definite occasions which is expected to last many years. The wife then finds a fabulous dress for R2 700 and the husband can't say anything when his wife says it was funded "by two or three months of my discretionary allowance that I needn't account to you". Then all is good.

This way, there is no ill feeling between spouses. Smaller financial purchases can cause emotion to rise where the other spouse feels they are making sacrifices for the many long-term goals. It also removes any possible animosity between spouses, and allows the long-term plans to remain on track.

Further rules within the framework to support:

- These funds are earmarked for personal spending only.
- The allowance shouldn't be used to pay for everyday small items such as cosmetics, clothes, lunches and so forth – these should be provided for separately in the monthly budget.
- You may not encumber the funds – e.g. when you get a new car saying, "Well, for only a little more I can get the next model up. This isn't allowed for in my regular budget, but I can if I forfeit my discretionary allowance to use here, where I want this car." No, this isn't allowed.
- You can agree to use the funds of a month or two to make that planned holiday even more special. That's fine, but it mustn't be a prolonged allocation, as one of the parties could feel aggrieved.
- Both parties should openly disclose what they spent their discretionary funds on each month (so that the other partner is aware of it and needn't raise this unnecessarily).
- I have four children who will get married one day. The financial planning advice in this article will undoubtedly be one of Dad's strong suggestions. The quantum, though, is up to them and their future spouses.

BOTTOM LINE

Money problems destroy marriages. Get on the same page as your spouse and work together towards a common goal.

Disclaimer:
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