

Recession prompting more newlyweds to discuss finances to avoid discord, divorce

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MONTREAL - The economic recession is convincing more newlyweds to discuss financial compatibility before they walk down the aisle in a bid to avoid a leading cause of discord and divorce, say financial advisers. "A bright light in all of this pullback is that people are now starting to think twice and not jumping off as blindly as before," says Jeannette Brox, a certified financial planner with the Investors Group. With young people more at risk of losing their jobs and fears mounting about debt, many young couples have become more cautious about excessive spending that has loaded many with high debt, she said from Toronto. Living within your means becomes very important during a recession like the one being experienced these days, adds Carrie Coghill Martin, a Pittsburgh-based financial adviser and author of the *Newlyweds' Guide to Investing and Personal Finance*.

"All of a sudden, when you have to be concerned about losing your job, you have to step back and say 'If one of us lost our job, what are we going to do?'" she said in an interview.

People have responded by dramatically adjusting their lifestyles. In the United States, the savings rate has dramatically jumped from negative to nearly six per cent.

For those about to wed, having a frank discussion about financial priorities, spending habits and past blunders, including debt, is key to averting problems that could create friction, Martin said. "It's really the first main issue that couples should address and get through and it will tell you a lot about your partner."

While more couples may be discussing financial issues, it remains a touchy subject for love birds who fear it could ignite disagreements, she said. So people plan the fairy tale day and hope everything will work itself out down the road.

But an early non-judgemental conversation can help. Talking about how chequing accounts will be run or whether everything will be held jointly, for example, often kick-start deeper discussions about each partners' financial expectations and highlights areas of concern. Estate planning will help clarify the distribution of assets to children, especially in the case of remarriages.

Student loans and credit card debts can weigh down many young couples. But spending and savings habits are not so easy to quantify and can pose larger long-term challenges.

"The way your partner spends money prior to marriage is pretty much the way they're going to spend money after marriage and I think we go into this perception once we're married, she'll stop buying shoes because we have to save for a house," Martin said.

Brox urges couples to create a budget before they live together or wed to help set goals and priorities. By doing so, unnecessary expenditures will fall by the wayside if both partners are truly committed to the goal, perhaps of buying their first home.

"The key is to set the goals, manage the cash flow and you'll get there," she said. Frank Wiginton of TriDelta Financial said the biggest mistake couples make is not talking about money and sharing their goals.

Working with professionals can help lead couples down the right path, consider options such as life insurance and avoid errors.

But he also credits religions such as Catholicism, which requires couples to take a marriage course, which includes a financial component.

“The No. 1 reason for divorce is no longer infidelity, it’s financial,” he said. “And a big part of that is due to a lack of planning and due to a lack of communication.”

He said many people head into marriage loaded down with baggage from mistakes that place additional strain. Mismanaging debt, including student loans, can limit the couple’s ability to obtain a mortgage or obtain a car loan by lowering credit scores.

Attitudes about finance are often accentuated by family upbringing where children learn poor financial skills from their parents, Wiginton added.

The same rules to financial planning also apply to same-sex couples, he said. “It’s important that people have these conversations because money is money, it doesn’t discriminate among sex preference.”

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