

Relationship-Killing Money Issues

Are money issues killing your relationship with your spouse? How can you avoid these potential issues? Our main source for today is an Investopedia.com article, "[Top 6 Marriage-Killing Money Issues](#)" Money can be a source of stress for individuals, couples and any kind of other interpersonal relationships. In fact, according to an October 2018 American Psychological Association report, "[Stress in America](#)", 64% of adults surveyed are stressed about money! So, clearly money issues affect the majority of Americans.

Today, I'm going to focus on a few money issues that impact couples, starting with keeping separate accounts. According to the Investopedia.com entry, some couples decide to split expenses down the middle and pay their half out of their own private accounts. Often, this type of financial set up results in resentment about who gets to spend on what and when. It can even evolve into a competition. I paid for this, so you must pay for that! In some cases, having separate accounts can also lead to one partner hiding money from the other. The drawbacks of separating finances can also include reduced buying power and eliminating other financial benefits that may come with marriage.

Debt is a serious issue for many Americans, and it can adversely impact a relationship. It can take many forms, whether it's credit cards, car loans, gambling or so much more. Most people bring debt into a relationship. Debts that are brought into a marriage remain attached to the person who brought them in. However, there are nine states that have determined that debts that are incurred after a marriage are automatically owned by both partners.

These states are: Arizona, California, Nevada, Idaho, Washington, New Mexico, Texas, Louisiana, and Wisconsin. You're not liable for most of your spouse's debt that was incurred before marriage in these states. But any debt incurred after the wedding is automatically shared by both individuals, even when applied for by only one member of the relationship.

The Investopedia.com article refers to the next issue as personality. They define personality as how you handle money. Are you a spender or a saver? I'd like to take this one step further and look at it as risk tolerance. Instead of just lumping each partner into a broad category, it can be useful to learn what type of risk each member of the partnership is willing to be exposed to. At Strategic Wealth we offer our clients the opportunity to color code your assets through the Color of Money Risk Analysis. This analysis provides each member of the relationship with a financial picture and a roadmap to overall risk preferences. The result will be a proprietary Color of Money Risk Analysis score. This short, interactive analysis is an important part of determining how to properly align assets among Red, Yellow and Green money.

- Red money is assets that are subject to risk and can lose value but that also provide opportunity for growth.

- Yellow money assets, like red assets, are subject to risk and can lose value but are professionally managed. Professional money managers can help reduce risk and provide growth opportunities.
- Green money assets have lesser risk. They may not have as much growth potential as other assets, but your account is less likely to go down.

To provide you with your analysis and customized report, the first step is to complete the Strategy Assessment®. These are complimentary and available in the Generational Vault online at <https://strategicwealthadvisorsgroup.com/>

The “power play” is another money issue that Investopedia notes can harm relationships. A power play occurs often when one partner is employed and the other isn’t. Or if both partners want to work but one is struggling to find employment. A power play deals with imbalance of income and how the individual with more income, or most of the income, can control how money is spent. There may be some rationale behind this idea, but it’s still important that both partners cooperate and communicate when it comes to spending. A joint account offers greater transparency and access; however, it’s not in itself a solution to a lopsided power/money dynamic in a relationship. In fact, that transparency can be used to further control spending.

The last two money issues that affect relationships are related. Literally. They are children and extended family. The decision to have children is a big question for any relationship. Raising a child is no easy financial task. According to the most recent available information, the average cost of raising a child from birth to age 17 is \$233,610 in a married two-parent middle income family with two children. This information comes from a 2017 [U.S. Department of Agriculture \(USDA\) report](#), using information from 2011-15 and figured in 2015 dollars. With inflation a likely factor, you can expect that number to increase in the future. Having children impacts not just the pocketbook but also the calendar. Does one partner stay at home when the children are younger? How does this impact long-term retirement strategy or career advancement goals?

The issue of money and extended family can involve gifts that one side of the family can afford and the other can’t. Or the expectation of extravagant vacations and expenses that might not fit into the partnership’s budget. It could even be loaning money to family members in need or for a business venture. Each of these scenarios can increase stress and cause problems in a partnership.

So, what can be done to avoid these potentially damaging money issues? Often the best way to combat these issues is with communication and honesty. Using tools like the Color of Money Risk Analysis to determine risk tolerance can be a helpful step. Discussing money can be difficult and uncomfortable and there is no magic wand that can ease all your financial stress. However, taking important steps today can help you avoid potentially negative consequences down the

road. Make time to have that difficult talk soon, before it becomes a relationship-killing money issue.

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