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7 Financial Tips To Avoid January's High Divorce Rate

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With Valentine’s Day a few weeks away, it might seem coldhearted to be writing about divorce, but there are reportedly more divorce filings in January than in any other month. While repairing the cracks in cupid’s love bubble may not always be possible, couples can take some steps to reduce arguments, at least around money. Here are seven financial tips for people in a committed relationship who are trying to remain in a state of marital bliss:

1. Understand each other’s history. We all have a life history and childhood experiences around money which can differ greatly between spouses. For example, if one spouse was frequently given lavish gifts as a child, then spending a lot on gifts may come naturally to him or her. However, this may cause a lot of anxiety for the other spouse who grew up working for minimum wage. Without an understanding of the values you each place around money and spending, disagreements may soon follow. Little differences like this can polarize conversations around money, so try to understand each other’s monetary drivers and experiences.


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2. Hire a referee. If talking with each other doesn't always go as planned, get a referee–or in this case, a financial advisor. He or she can deliver a written document outlining your goals, monthly cash flow, and saving requirements. This way, each partner can see for themselves why a certain action may or may not be a part of the mutually agreed plan.

3. Set mutual goals. Having conversations about your family's financial situation and overall plans for the future is a great step. From there, set mutually agreeable, specific goals and take pride and enjoyment in tracking your progress. If you can see and share results with each other, it can be a more positive experience.

4. Develop a monthly cash flow worksheet. As a couple, determine how much income you need to live on (the amount you need to spend) and how much you can save after monthly bills are paid. The remainder is your discretionary income, which is the amount you can either spend

on luxuries or save for your longer-term goals. Also, prioritize which bills are essential and look for places to reduce unnecessary spending. In addition, learn as much as you can about your mortgage, taxes, and insurance and look for refinance opportunities and other cost saving measures. When both spouses share the same understanding of their family finances and financial vision, it can help build shared values and avoid misunderstandings.

5. <u>Know where your money is invested</u>. If your assets are titled jointly (it is usually smart for marital assets to be held with joint ownership), you can ask for statements to be mailed to you or to have access to your online account statements. Don't delegate to your spouse full responsibility for understanding your assets and making investment decisions; instead be interested and involved, at least enough to avoid unwelcomed surprises. I have seen people in a state of shock after learning their spouse was investing in a fancy wine collection or in a local restaurant that subsequently failed.

6. <u>Have the courage to discuss insurance</u>. Just because you and your spouse are not discussing a financial concerns doesn't mean they aren't lurking just below the surface; and these concerns can cause relationship stress. I see this most often with the topic of death and disability. Especially when there is an income disparity, the lower-earning spouse is often worried about how they will support themselves should their spouse die or become disabled; yet, because it's a difficult topic, they avoid bringing it up. To be sure, it can be a discussion full of emotion, but it is a discussion that needs to be had. If you're the higher-earning spouse, remember it shows a great amount of care and thoughtfulness on your part if you take the initiative to discuss this topic with your spouse.

7. <u>Consider a "postnup</u>." A postnuptial agreement is a contract you make with your spouse after the start of your marriage. According to Stuart Skok, a Maryland-based divorce attorney, in a postnuptial, you

negotiate what would happen in the event of divorce or death." As such, it can also serve as part of an estate plan. Another benefit of a "postnup" is that the couple works through financial issues, potentially alleviating problems that could otherwise lead to arguments and eventual divorce. The postnup process may even help to begin repairing rips that have started in the relationship around finances. A postnup is a strategy often suggested by Skok, who counsels that "the grass is not always greener on the single side."

A lot goes into managing a household budget and investment portfolio, and it can be confusing. Talk with your partner about all of this and get on the same page. That way, you may protect yourself from at least one of the reasons why January is such a popular month for divorce filings.