The case for renewing financial vows every now and then.

By Suneeti Ahuja-Kohli, Published on: Tuesday, 30th January 2024

When people marry, their finances do too. Much of the success or happiness in a relationship, after all, hinges on how well a couple can navigate in a world where material choices are plentiful.

A recent study by the Kelley School of Business shows that married couples with joint bank accounts not only have better relationships but also argue less about money and feel better about how household finances are handled.

Jenny Olson, assistant professor of marketing at Kelley, notes: “Those with merged accounts reported higher levels of communality within their marriage compared to those with separate accounts, or even those who partially merged their finances. They frequently expressed feeling more like they were ‘in this together.”

Communicate more and often Even though the study was conducted in the US, financial planners across geographies agree with the research results. Vishal Dhawan, a financial planner for over two decades with clients in India, UAE, and Western markets, concurs. “Some of the top issues sowing discord in couples include the fact that finances are not integrated. Many decisions made around money do not happen on a consolidated basis. Conversations around money tend to be unstructured, often occurring on a cursory level on a holiday evening. In households where finances are not integrated and not thoroughly discussed, good budgeting practices are often lacking. There is no consensus or control over recurring and non-recurring expenses,” he said.

Even though the basic tenets of managing money are plain and simple — spend less than what you earn, know your financial goals, and invest wisely to achieve them — executing these principles gets tricky, especially when you are sharing your life and home with someone. Financial decisions, after all, are not binary, especially for couples, and are sometimes dictated by emotions, biases, aspirations, and even bad habits.

Achieving a fine balance between togetherness and autonomy in money matters, much like other aspects of a relationship, is the key to a long and happy marriage. One way to achieve this is to start talking about money early in a relationship, advises Dhawan. “It’s a good idea to talk about money alongside other aspects when entering a relationship. Just like one would gauge interests and commonalities in a partner, getting to know about each other’s money philosophy is a good start.”

Joe Woodhouse, a UK-based financial adviser with clients in the UAE and across geographies, agrees. “Open communication is paramount. Some people are natural savers, some are spenders. It is good to identify each other’s money philosophies and have certain structures in place to automate savings and investments, such as paying yourself first.”

Joint account or separate

If we go by the recent study by the Kelley School of Business, certainly having a joint account helps, but financial planners suggest a hybrid approach seems a wise choice. “The idea is that a couple should have a joint account to pay shared expenses and individual accounts for discretionary spending. This setup lets couples feel like they are both working together to support each other and their partnership, while also giving each other some autonomy,” suggests Woodhouse.

Be there for each other.

“Just like in any other partnership, a little give and take is natural,” says Dhawan. “If the family of one of the partners needs some help, understand the need. Talk to your partner and keep the channels of communication open. Couples can provide emotional buffers and support to each other by discussing money rationally.”

Discuss life goals and plan together.

Identifying common goals is important. Woodhouse suggests, “Have a simple system in place; I call it five steps to financial independence. This includes budgeting, having the right covers in place such as life insurance, serious illness cover, paying off any unsecured debts, and building six months’ expenses in an emergency.” Dhawan agrees: “Having clarity on important goals is crucial. Retirement, for instance. It’s about ascertaining where you want to spend your sunset years, what kind of lifestyle you plan to maintain, and then calculating it backward to start saving and investing. But it is important that the goal is shared, and both partners understand how much needs to be saved and invested every month. It inculcates discipline and clarity.”

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