

## Pattie's financial tip of the day: Have the 'financial talk'

By Pattie Lovett-Reid



Couple, Dreamstime



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Nearly one quarter of the weddings occurring in the month of August are full-swing into planning right now. All the big decisions have likely been made — the venue, wedding party and menu, etc. But wait! Has the happy couple discussed their finances yet? Let's hope so.

Financial misalignment is one of the major causes of marital problems — and unfortunately, one of the primary reasons for divorce. A past BMO study revealed that the majority of Canadians cited money-related conflict as the number one reason for divorce. Some of the reasons behind this include lack of communication about debt, credit history and differences in spending habits.

According to Heather Battison, vice president of TransUnion's Consumer Division, there are a few things to watch out for before you head down the altar. Surprises aren't

always good. Talk about your current debt levels and the condition of your credit score. Be sure you have budgeting tactics and financial goals aligned. Openly discuss finances with your partner is one of the best way to prevent future disagreements or unwelcome surprises.

Robert Stammers, director of Investor Engagement for the CFA Institute, recommends couples kick the conversations off with these three questions:

**1. Are we going to combine our finances eventually or manage them separately?** There is no evidence to suggest either way is right but the question allows you to focus on the financial discipline that will guide you regardless of how you decide to structure things.

**2. Do we have any debts?** What's our plan to finance this debt? Financial baggage can put a strain on the relationship. To ensure the debt is paid down and won't spiral out of control couples must put an explicit plan in place that outline when and how debt will be paid-and then stick to it.

**3. What are our savings goals?** Can savings now allow for a splurge later? One of the benefits of joining two households is that it creates cost efficiencies, leading to extra money. The question then becomes what to do with the extra money where some might use it as an excuse to spend while others will see it as an opportunity to invest it?

A money conversation for most isn't a romantic subject, and it can be tough one. But my bet is having a marriage end poorly due financial infidelity would be a much tougher conversation.

*CTV's Chief Financial Commentator Pattie Lovett-Reid offers a financial tip of the day during the month of February for Your Money Month.*