

'Til Debt Do Us Part

by Steven J. DAWSON



Most of us have had to deal with debt at some point in our lives, yet it still seems to be one of those taboo subjects no one wants to talk about—whether with friends, family or significant other. All the while, it may be more common for couples today to enter into relationships with debt from student loans, credit cards or loans for large purchases like cars or homes. Whatever each party's situation may be, being up front early on can help you avoid unnecessary financial and personal conflict down the road. There are many cases when working with clients during financial planning meetings that advisors find that they don't share information on certain financial matters for various reasons.

Debt Is a Four-Letter Word

Financial stress and disagreements have long been cited as leading causes of tension in relationships. Couples don't just argue about money, they hide transactions from each other. One in five Americans in a relationship say

they have spent \$500 or more and not told their partner, and six percent maintain secret accounts or credit cards, according to a poll conducted for CreditCards.com. This is why financial stress is one of the leading causes of divorce in this country. Wealth is a highly personal matter, touching all facets of our lives, so it's not hard to understand why differences could hurt a relationship. Establishing an open line of communication when it comes to managing wealth is important, not only for your financial well-being, but for your relationship, too.

The Airing of (Financial) Grievances

Being open about your financial histories and debt, especially with a spouse or significant other—including past mistakes—is crucial to your combined, long-term success and a comfortable retirement. Not doing so could lead to a variety of complications down the road, including bad credit, trouble getting a loan or a less-than-

ideal retirement. Beyond being forthcoming about your financial standing, it's also worth noting that most of us have different ideas of what is normal or acceptable in terms of how we manage our finances and debt. Or, we have different outlooks on what the future should hold. For example, while one partner may be comfortable renting an apartment for several years, another may be eager to become a homeowner. If one of you is carrying a lot of credit card or other debt, it could be more difficult to get a loan for such a purchase.

Better Together

The good thing about having a partner who is on the same page financially is that you benefit from a support system and accountability partner. Just as many people have a gym buddy to help encourage them to stick with an exercise regimen, having someone who understands your financial goals—and weaknesses—can help you stay on your path toward a bright financial future. Remember to make time to have those difficult financial conversations. In doing so, you and your spouse or significant other are most likely to be better off. ❖

Steven Dawson is an Allen resident, a CFP™ professional, educator, national speaker and president of Dawson Private Wealth. The foregoing information has been obtained from sources considered to be reliable, but we do not guarantee that it is accurate or complete. Any opinions are those of Steven Dawson and not necessarily those of Raymond James.



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