

Let financial stress not ruin your marriage!

Business

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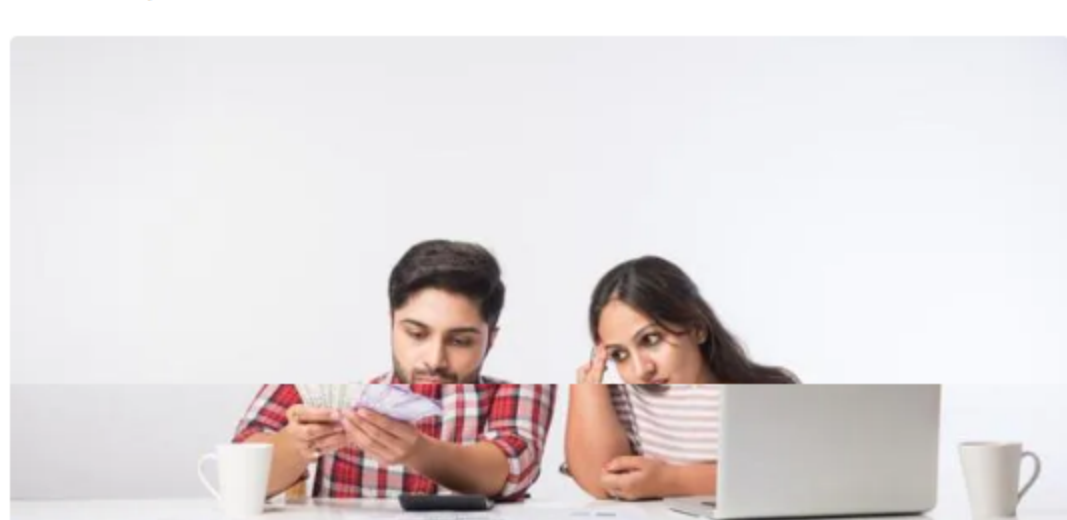


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 By Hindustan Times

Marriage is a lifelong commitment that comes with many responsibilities, including financial obligation. Once the marriage is fixed, couples choose a wedding venue, outfits and their dream honeymoon destination, among others. But the most important factor is to make financial goals.

One has to discuss his/her financial status with the spouse and prepare a strong financial foundation for the future. If couples are not clear about their financial goals, it leads to unnecessary confusion, frustration and can eventual turmoil in married life.

Couples should communicate with each other openly to ensure a joint responsibility for maintaining healthy finances of the household, say

The financial professional says during such trying times, it is very important for couples, especially newly married ones, to create financial resilience. Until the situation gets back to normal, couples should refrain from taking any decision which can hamper their liquidity or can create a debt burden.

Create joint financial goals

It is important for couples to work together as a team, set certain financial goals and then carve out their plan to achieve them. Not only will it keep you motivated, but also ensure that you achieve your goals faster.

It is also important to discuss whether the spouse has any debt like personal, car or house loans. "My future spouse told me clearly about his annual pay package and we even discussed about the purchase of a piece of furniture, house rent and other expenses," says newly-married IT professional Vaishnavi M.

In the current scenario, insurance should be given prime importance as it is an avenue which provides financial protection. Besides ensuring good life and health insurance covers for themselves, couples should also opt for health covers for parents as well, which most people ignore, opines Kohli.

In marriage, conflicts arise if couples do not discuss their financial situation, interest and expectation towards their future goals. For instance, one would have availed an educational loan or personal loan before marriage, the person should inform the spouse about it very clearly.

"To avoid conflicts, couples need to do their financial planning for family and personal separately. When it comes to family financial planning, the purpose should be common to both of them for short and long term needs or uncertainties. Accordingly, they can plan their savings and investments," says Zebu Share and Wealth Management Founder and CEO V Vijayakumar.

Mutual Funds are one of the best instruments to invest your savings. There is abundant liquidity, which is favourable for equity markets under the current circumstances. Make this the perfect time to look for these opportunities and invest in mutual funds with a horizon of five years or more.

Create a budget

After setting goals and planning, you will need a structure to support your goals. Creating a budget is the foundation of your financial goals. A couple needs to sit down and make a budget to ensure that they spend responsibly and not live beyond their means. Budgeting will also encourage you to have more open conversations about finances. Once they have an idea about expenses, they will be able to get clarity on savings and can chart out investment plans to achieve financial goals. Subsequently, you could go a step further and discuss the way a portfolio is built and maintained. You should discuss how to choose some great mutual fund options, or any other investment instruments for a portfolio.

SIPs in mutual funds can be started as per your financial goals. The most important benefit of regular investment like SIP is that the finances is deducted from your bank account leaving you little option to overspend while the investments quietly grow bigger and bigger with each passing month through compounding.

Don't overspend on vacations

It is quite natural to overspend during the initial days of marriage that includes buying expensive gifts, furniture, or appliances, going for vacations or lavish dinner dates.

While these are subjective and are important in building a bond with each other, they should not get carried away in order to impress the each other as well as their social circles. "Firstly, newly married couples should always set the expectation of their standard of living right.

They should always do budgeting as it is a new household and a new family that they're starting. Secondly, they should also focus on earnings and savings to build a financial discipline in the early years of marriage which would later become a good habit. Thirdly, they should start saving and investing, and refrain from big financial commitments in the initial years of their marriage," says financial expert Kohli.

Vijayakumar says one should not hurry to buy property/home on loan as it might lead to credit risk and financial burden. "Couples who start saving early can enjoy the magic of compounding benefits," he adds.

In the current pandemic, one should save major portion of surplus earnings in liquidated assets, also plan uncertainties in medical expenses by upgrading medical insurance policies that offer pandemic cover.

Key takeaways

- Newly-married couples should set clear financial goals and invest accordingly
- Creating a contingency fund is critical in this current pandemic. This fund can help them brace themselves for the future uncertainties
- Savings should then be bifurcated into liquid savings as well as low-risk investments. In case there is a reduction in their salaries, then they should optimise their savings by curtailing unimportant expenses.
- SIPs in mutual funds can be started as per your financial goals

This article is part of the HT Friday Finance series published in association with Aditya Birla Sun Life Mutual Fund.