

This is an original article written by Philip Loh.

Money questions to ask before marriage

To avoid clashes, talk about finances before tying the knot

Much of a couple's discussion before marriage centres on how many kids they want, where they are going to live, and how often they are going to visit their in laws. But the dreadful topic that often is avoided is the issue about money. Often it is evaded altogether as the couple does not want their romance to be "tainted" with money issues.

In the Singaporean style of rushing down the aisle, couples often think that love will overcome any disagreements about saving and spending. But the lack of pre-wedding communication on personal finances would eventually leads to frustration, fights or even power struggles.

Talking about money does not mean you are going to fight about money. It is not talking that may cause the fights. I have compiled a list of questions all newlyweds should ask themselves and their partners.

1. What are your financial goals?

This is a good starting point when both of you can discuss candidly about your individual as well as combined "dreams" – the house you want to live in; the kind of holiday you want to take; the car you want to drive; when you hope to retire and the hope of opening your own shop eventually. You may never attain all your dreams. But the objective of this conversation is to help set your priorities together and to establish some common grounds. The goals should be reviewed annually as priorities and expectations changed as both of you progresses in your career.

2. What are your career expectations?

Do you expect you and your spouse will both work full time throughout your marriage or do you expect to live off one income after a child is born? Both of you need to know what the other expects. Or else the day may arrive where one of you is saying, "But I thought we were both going to work," and the other insists, "But I thought you knew I was going to stay home with the kids."

3. What is your money history?

Usually, how you were raised would strongly influence how you deal with your finances. Some were brought up in a permissive household where they were given money quite freely without having to earn it. Others come from more modest background where family cash flow was tight. In the classic example, a saver marries a spender, and the couple crashes when the saver complains about how the spender splurges on "unnecessary things". The spender, in the meanwhile, balks at the "miserliness" of the saver. Some of this angst can be avoided ahead of time if partners can recognize the value the other places on money. An easy way to discuss this is to ask: What does money means to you? Does it represent security? Choices? Bigger family home? Luxurious vacations? And how will money be used to fulfil these values?

4. What are your assets and liabilities?

This is one of the most difficult questions to answer. Money remains such a taboo that people are reluctant to share how much they've saved, how much they earn or how much debt they have accumulated. In a more discreet Asian backdrop, many feel even queasier asking a partner to divulge those details. Yet, it is important to know. Money in the bank represents financial security, a source of income and a resource to afford items that can make life enjoyable. Debt, by contrast, can be a source of angst and an expense that drains the family's monthly income. And it can prevent a couple to pursue what they really want. Knowing the assets and liabilities each person brings into the relationship is a pivotal point of the money discussions. And rest assured that these numbers won't stay hidden forever, especially debt. Just imagine the impact on the marriage when you discover that your partner has hidden a mountain load of debt from you.

5. Do we need a prenuptial agreement in Singapore?

This is the most explosive question, potentially sending either partner into a fury, since the mention of it implies mistrust or lack of faith of the marriage's survival. However, there could be a situation when in a second marriage, you want to shelter certain assets for your kids from your previous marriage or provide for a special needs sibling.

6. How do we share financial duties?

It might be useful to first discuss about your individual strengths. One partner who is good in investment may want to take a bigger responsibility in assessing the investment options for the family. The other partner who is efficient at managing bills and bank accounts admin may decide to take that piece. It is also not uncommon in many marriages that, agreeable to both parties, one partner may take the reins and handle all the finances. The discussion may also cover the level of trust accorded to your partner, as this would to a very large extent determine how the financial duties are divided. One husband I know, who has a family history of gambling, decided to let his wife handle all the joint account finances. This arrangement is not so much about not trusting himself, but more out of the love to provide his wife with more security.