Why Your Long-Term Relationship May Be Harming Your Financial Literacy

When one partner takes on all the financial tasks, the other loses out on building money skills.

By Susannah Snider, Staff Writer |June 14, 2018, at 7:40 a.m.

Your romantic relationship comes with all sorts of wonderful benefits.

It gives you a partner with whom you can confide, cuddle and share the tasks of maintaining a household. But lovebirds beware: While your long-term relationship comes with lots of advantages, it may be harming your financial literacy.

That's according to research recently published in the Journal of Consumer Research, which details how the uneven distribution of responsibility for financial decisions and knowledge among couples in committed relationships sets the individual partners on diverging paths of financial expertise.

Here's what often happens: When couples get together, one partner takes on the household's financial tasks while the other focuses on other obligations. As the relationship progresses, the partner who has taken on the role of "household CFO" increases his or her level of financial literacy. Meanwhile, the partner not managing money may stagnate or even decline in financial competence. The longer the relationship lasts, the greater the gap in financial literacy between the partners.

"One of the most interesting findings is that, on average, at the beginning of the relationships, the two partners are about the same in terms of financial literacy," says Adrian F. Ward, co-author of the study and assistant professor of marketing at the University of Texas at Austin's McCombs School of Business. "Over time, one partner gets better and the other doesn't – they might actually get worse."

While allowing your spouse to do all the money management is fantastic if you stay in love forever or your partner is immortal, Ward jokes, it becomes problematic when the relationship ends or the household CFO dies or is incapacitated, leaving the non-CFO without the financial skills necessary to thrive alone.

Having a low level of financial literacy can be devastating. It may prevent you from finding the most appropriate financial products, make it difficult to locate trustworthy financial advisors and even make you more susceptible to financial scams and fraud.

Catching up on several decades of money know-how after a painful divorce or the death of a partner is not an ideal way to start your financial education. **"It is not a great thing to have to come up to speed in a crisis like that," says Lili Vasileff, a Greenwich, Connecticut-based fee-only certified financial planner and author of "Money & Divorce: The Essential Roadmap to Mastering Financial Decisions."**

So what can you do if you notice this imbalance in your relationship? While it's useful to delegate tasks to different partners, depending on their skills, interests and workload, how can you make sure that both members of a couple are able to make good financial decisions.

Make financial goals together. "As early as possible, it's good to start planning out your short-term and long-term goals and making those decisions together," says Roger Ma, certified financial planner and founder of lifelaidout in New York City.

Ma recommends starting this habit of collaborating on money decisions early in your relationship, before the financial literacy gap starts to widen. Use early milestones, such as getting engaged, buying an apartment or planning a wedding, to talk about financial decision-making and share money tasks, Ma says.

Making these decisions together can give the non-CFO some ownership over the financial path the couple is on and empower him or her to participate as a financial decision-maker. "**Both parties should have a sense of responsibility for their financial well-being," Vasileff says.**

Bring an extra seat to the table. If you regularly visit a financial advisor, consider bringing the non-CFO to appointments and encouraging him or her to ask questions and become involved in the planning process. "A shared voice, a seat at the table, is powerful," Ward says.

Again, the non-CFO may not need to be involved in every tiny financial decision, but gaining a familiarity with what a financial meeting looks like can smooth the transition if the household CFO can no longer attend those meetings one day – or if the financially illiterate partner needs to eventually find his or her own financial advisor.

In fact, Ma, whose day job is as a financial planner, visits another financial advisor with his wife, in part, to give her a chance to feel empowered and engaged in discussing their financial life and goals, he says.

Talk about money. Have regular money conversations with your spouse, whether that person is involved in most financial decisions or not, to ensure that you're on the same page and both understanding the broad strokes of what's happening in your financial life.

After all, outsourcing financial literacy comes with risks, even if the household CFO never asks for a divorce and outlives the other spouse. What if he or she is simply a bad money manager? What if he or she makes bad decisions or risky investments? Both partners need to have a voice in their shared financial futures.