



Canadian Couples: 3 Huge Money Mistakes to Avoid

Description

Financial matters are delicate issues, especially among couples. Each spouse or significant other has different money-management styles. Thus, many couples would rather dodge confronting the matter unless it's necessary. Once you mishandle the situation, the fight over money could escalate and strain the relationship.

Marriage isn't just a co-existence of two people. Individuals in a relationship can't live parallel lives if the union were to last. Discussing or conveying expectations regarding money is crucial. It would be best if couples can establish common [financial goals](#) at the onset. You can avoid fights and three colossal money mistakes.

Talking about money only when there's a problem

Partners should talk about money, even when there's no problem at hand. The neutral time is during budgeting when discussing sharing on household expenses, bill payments, and joint savings. Tackle purchases, too, particularly credit card use, before balances pile up. The objective of talking finances is to create a budget that suits both partners.

Keeping financial secrets

People have different money values. However, a healthy relationship requires trust and rapport. Forget your personal money history and establish a new value system about money with your spouse. Be transparent and don't keep financial secrets from your partner.

Disclose debts, particularly those brought into the marriage. You can work together to craft a debt-repayment plan. Plan out future debts as a couple, with more focus on good than bad debts. As much as possible, limit discretionary spending, or talk about it beforehand.

No shared financial goals

Spouses or common-law partners must strive to align their financial goals, whether short or long term. When you're starting a family, buying a home, or planning for retirement, it's no longer the economic well-being of one that's at stake. Share goals with each other, find the right balance and plan together every step of the way.

By having common financial goals, partners can address each individual's needs. Canadian couples are fortunate, because they can carve out savings, investment, and retirement strategies specific to their aspirations. Tax planning is also available through [tax-advantaged accounts](#) like the Tax-Free Savings Account (TFSA).

Couple-friendly income stock

Canadian couples can invest in **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)), which pays a decent 3.85% dividend. Assuming each partner maximizes their respective \$6,000 TFSA limits for 2021, they can jointly produce \$462 in passive income. Over time, as you increase your holdings and keep reinvesting the dividends, the money will compound.

The \$71.3 billion banking giant is one of the most couple-friendly income stocks in the financial services sector. BMO is the first company ever to pay dividends. It has been paying dividends to loyal investors for nearly two centuries (192 years). Canada's fourth-largest bank also increased its dividends five times year over year over the last five years.

BMO's current payout ratio is 51.64%, so the payouts should be sustainable and safe. Couples can take comfort in the bank's resiliency to overcome economic downturns like the global pandemic. The blue-chip stock isn't only an attractive income option but a compelling investment opportunity for risk-averse couples.

Tension diffuser

Canadian couples will have disagreements about spending and saving from time to time. However, shared financial goals between spouses or common-law partners can diffuse the tension and prevent a bitter fight over money.

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Date

2025/08/27

Date Created

2021/03/16

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