Family Financial Fitness: Educating a Spouse

Sometimes a change in circumstances forces a change in responsibilities at a time when all parties are not necessarily ready. In instances when the family member who typically takes care of the finances falls ill and is unable to continue, a spouse or child may need to step in.

The demands of assuming financial responsibilities can be overwhelming, but families can be proactive in providing guidance to members who typically do not handle the finances so that if a change does occur, the person stepping in will not be overloaded by new information at an already difficult time. While financial education can take some time to get comfortable with, the following suggestions can help alleviate some of the pressure. Part one of this article series will focus on preparing a spouse for such a circumstance, while the second part will discuss **involving children**.

Offer consistent, periodic exposure. Having periodic discussions about finances can be a great way to keep spouses informed. These do not need to be formal meetings, but a regular schedule helps ensure that the discussion will take place rather than losing priority to other responsibilities. In order to know who to turn to during a time of need, it is also helpful for the spouse to be familiar with the financial and professional advisors. Attending semi-annual or annual meetings is a great opportunity for advisors and spouses to get to know one another.

Both the information and the mentor should be accessible. It is useful for the spouse to know how to access the family's online accounts and the login information—especially when passwords are changed. Many financial transactions and documents are online, including bank statements, broker statements, and bill payment. Every so often, it may be helpful for couples to do the bill pay or any other transactions together. The partner who is new to handling the finances can shadow the other to get comfortable and familiarized with the various online platforms. Another useful tip is for couples to each have a credit card in his/her own name. That way, if one account is frozen or terminated, the other spouse still has access to another account.

Encourage communication. When learning about the family's finances, it is also important for a spouse to understand the provisions for the will and trusts. The reasons behind provisions are not always shared, and this can lead to misunderstandings for spouses and children. Partners may fear that they were not trusted if they do not receive assets outright. Such decisions were likely made for financial reasons, so it is recommended that spouses be present when estate documents are discussed. That way, they can learn ahead of time why certain provisions are included and ask any questions about the details. A good way to gain buy in and more clarity on an estate plan is to utilize a flow chart that summarizes the "as if" scenarios of what would take place upon a spouse's passing.

When one member of a family has traditionally handled financial matters, there may be a bit of a learning curve should another member of the family need to assume those responsibilities. Planning for any changes and equipping a spouse to handle these affairs gradually will allow them to learn at a time when they are not under pressure. For more information, or to discuss this in greater detail, contact your Anchin relationship partner or Mela Garber, Tax Leader of Anchin Private Client, at 212.840.3456 or info@anchin.com.

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