



Financial Spectrum

Financial Planning for Newlyweds





I do!

Getting married is one of the most important events in your life. There is so much to consider—the cake, the dress, the venue—the list goes on. But after you've dusted the confetti from your shoes and the daily life of marriage begins, so too begin the challenges of managing the finances of a new household with your spouse.

In recent studies in Australia, many couples ranked financial matters as one of the most important factors when it comes to happiness in a marriage. It is one of the key factors causing marital stress and can lead to divorce if you don't get it right.

Our team of financial advisers at Financial Spectrum are committed to educating and helping engaged and newly married couples to reach their financial potential. We can help you to make sense of managing your wealth and investing for the future. We recommend you see us before you get married but anytime in the early stages of your committed life together will make sure you are heading in the right direction.

Why not contact us today to arrange your free first meeting to discuss YOUR situation?

Grow your wealth— contact us

To find out about how a Financial Spectrum financial planner can help you at any stage of life, visit us at:

www.financialspectrum.com.au

or call us on

1300 886 018

to arrange your FREE first meeting.

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Money in Marriage

> the number one cause of marital stress

One of the most common problems in a marriage (and one of the leading causes of divorce) is money. In fact, research conducted by Relationships Australia in 2008 showed that 37% of women rate financial woes as a cause of relationship breakdowns involving themselves or the people around them*.

With rising costs of living and the economic stress in the complicated financial world, more and more couples are experiencing stress in their partnerships relating to money.

Couples tend to disagree about money issues for a number of reasons. Some of these include:

- Personality differences
- Differences in values
- A lack of knowledge and understanding about money and finance
- Poor communication
- High cost of living
- Economic stress including unemployment

* *Relationships Australia (2008), Australians' Concern that Money Stress may meltdown their relationships, doubles in two years.*

> managing financial matters in a marriage

Despite all the doom and gloom about marriage stress, don't be disheartened. As with most things in a relationship, there is an answer to managing disharmony in our relationships associated with money.

The first step is to recognise that each of you is a separate and unique individual with your own ideas about money and how it should be used. Some people are naturally more conservative—choosing to save their earnings and very adverse to risking it. Others tend to live for the now and get the most enjoyment out of spending it.

To help you get an understanding of yourself and your spouse's attitudes towards money, you and your partner should complete our Financial Personality Quiz on page 6.

The next step is to communicate with your partner about things such as your current financial position, your goals, and your spending and saving habits. Consider some of the questions we've posed for you to discuss with your partner starting on page 9.



Step 1: Financial Personality Quiz

<p>1.</p> <p>Having savings set aside for an emergency is:</p>	<p>A. Important</p> <p>B. Not very important because you have friends/relatives who could help you if you needed it</p> <p>C. Not important</p>
<p>2.</p> <p>I pay off my credit card bill:</p>	<p>A. Every month in full</p> <p>B. When I can afford to</p> <p>C. I often have a large credit card debt that I struggle to pay off</p>
<p>3.</p> <p>The best place to keep any savings I have is:</p>	<p>A. In a savings account</p> <p>B. In the stock market</p> <p>C. I don't have any savings</p>
<p>4.</p> <p>I think that life insurance:</p>	<p>A. Is important for everyone</p> <p>B. Is only for older people</p> <p>C. Is a waste of money</p>
<p>5.</p> <p>I usually save this percent of my income:</p>	<p>A. 20% or more</p> <p>B. 10% - 20%</p> <p>C. 0% - 10%</p>
<p>6.</p> <p>I make financial goals to work towards a holiday :</p>	<p>A. Often</p> <p>B. Sometimes</p> <p>C. Never</p>
<p>7.</p> <p>If you won \$20,000 what would you do with it?</p>	<p>A. Put it in a savings account</p> <p>B. Spend half now on a holiday and invest the rest in the stockmarket</p> <p>C. Spend it on a holiday or a new car</p>

> your financial personality

Mostly As: Conservative

If most of your selected answers were As, this indicates that you are quite conservative in your approach to your finances. You tend to consider money as an important factor in your daily life and take steps in your daily life to save and protect your wealth for the future. Coupled with a partner who shares a similar attitude towards money and some guidance from a financial planner, you are bound to reach your financial goals.

Mostly Bs: Moderate

If most of your selected answers were Bs, this indicates that you are moderate in your approach to your finances. You sometimes make decisions about your money based on a whim and don't really see the value in setting long term financial goals. Some guidance from a financial planner could help you to improve your financial prospects for the future.

Mostly Cs: Risk Taker

If most of your selected answers were Cs, this indicates that you can often make decisions about your finances which are quite risky. You may have considerable debt that you struggle to pay off and find it difficult to save your income. A financial planner could be very beneficial to you to help you to improve your financial prospects for the future.

My financial personality is: _____

My partner's financial personality is: _____

> combining your personalities

Now that you've both assessed your financial personalities, you have a better understanding of your own and your partner's attitude to money. For many couples, one partner will tend to be Conservative, with the other in the riskier personalities of Moderate or Risk Taker. There is no wrong or right combination. Of course whilst it may be that two partners with the same financial personality will likely argue less about money, there are benefits to having different personality types. Often, opposites attract so a Conservative and a Risk Taker can both bring aspects to a financial partnership which balance the other.

For example, the Conservative may bring to the team a focus on planning and saving for the future. They may be more frugal with spending habits. Whilst on the other hand the Risk Taker may bring to the partnership a carefree attitude to spend some of those savings on that holiday you've always wanted.

The key to any personality combination (and indeed most differences between people!) is **communication** and a willingness to **compromise**. These will be vital to you both throughout your married life to help minimise stress from disagreements about money.



Step 2: Communication

Now that you've both got some understanding about your and your partner's financial personality, you can both start building some foundations about how you are going to manage a successful married partnership with both of your personality types. To do this, you need to set aside some time to discuss these matters in an open environment. The earlier that this occurs in your relationship the better (even before you get married if possible). You might also like to consider including a mediator such as a financial planner or a relationship counselor who can help to guide you through this process.

> the current position

You need to firstly get all the facts out in the open. What is each partner's financial position? Does either person have any outstanding debts that the other spouse may not be aware of? To assist you in this process, you might find it helpful if each partner completes our free Financial Position calculator available at the [Financial Spectrum website](#). If there are any outstanding debts for either spouse how are these going to be managed as a family unit?

> spending and saving habits

As we've previously identified, spending and saving can vary depending upon a person's financial personality and how they value financial matters. This will often be evident when looking at a person's spending and saving habits. Many people struggle when they are first married to change their perspective about their spending and saving habits from an independent single person's point of view, to considering their habits as impacting on the new family unit as a whole.

Does each partner tend to save or do they spend most of their earnings? To assist you in this process, you might find it helpful if each partner completes our free Budget calculator available at the [Financial Spectrum website](#).

> financial goals

Are there things that you want to achieve both individually or as a couple throughout your life? These might be things such as overseas holidays, a dream home or car, or having children. Whatever your dreams are it is likely that these will require planning, guidance, and financial discipline to get there. What dream goals do you have for your future together?

Step 3: Compromise

Now that your individual personalities, values and current financial status are out in the open and you've had a chance to listen to your partner's perspective on these issues, you will need to work together as a team to start building your financial future. Chances are, there are going to be differences between you in one or more of these areas. You now need to take time to consider how these are going to be dealt with so you have solid foundations on which to build your financial future together as a team.

> differences in current position

Before coming together in your relationship, you both had independent lives with different incomes and expenses. There will undoubtedly be some difference in the assets and liabilities that you each bring to your marriage. You may learn of some debt that your partner has that you may not previously have known about. The important thing to recognise from this exercise is where you are both at financially, so that you can understand your joint position as a new family unit.

How will you manage your joint family position? Who will be responsible for managing your financial affairs—you? Your spouse? Will you be jointly responsible? How will any current debts be managed?

> differences in spending and saving habits

Differences in the saving and spending habits between spouses can be a major cause of stress in a relationship if they are not dealt with as soon as possible. You've taken the first step in recognising this issue, but now you need to come to a mutually acceptable compromise about how these will be handled in the future.

What boundaries need to be established to prevent arguments about spending habits? Will you have joint accounts or separate accounts? When should one partner consult the other before they make a purchase—for things more than \$100? \$200? 500? There is no right answer. You need to work together to ensure that you both retain some independence whilst not causing friction in the relationship.

> differences in financial goals

We all have different ideas about what we want out of life. Presumably, you and your partner have discussed important things such as whether you want children, where you want to live, how each partner will contribute to the household etc. You may have found that in completing this exercise that you may have different goals either as an individual, or for you both as a couple. If this is the case, how will these differences be managed? As an example, say your spouse has a goal to return to university full-time to train in another field— this would impact on the household income and increase expenditure on education. How would a goal such as this one be managed in your family? You should work together to come to some compromise that allows for joint and individual goals to be achieved.



Things to consider

Every person, and therefore every relationship is unique. There are though, some things that you should consider as an important part of your financial relationship with your spouse.:

> budgeting

In the previous exercise of discovering your current financial position, you completed our [Budget Calculator](#) tool individually. Using the categories on this worksheet as a guide, you should work together to come up with a spending plan that can be agreed upon by both partners. You may also choose to have an appointment with a financial adviser who will be able to assist you in this process.

> independence and co-dependence

Pooling together your resources as a family unit makes a lot of sense, both financially and emotionally, however don't lose sight of the fact that you are both independent people. You need to acknowledge that each partner needs to retain a sense of independence by setting aside some of their income if they are working (or some of the household income if they are not) for their own personal use at their discretion and within the boundaries agreed upon in your discussions.

> invest

If you read any marriage guidance self-help book, you'll notice a common thread of advice. Investing. A successful marriage wealthy both monetarily and emotionally is the result of regular investment of time, effort, sacrifice and compromise. This is true both of the emotional aspects of a marriage and the financial monetary ones.

To succeed it will take teamwork and dedication from both partners, but as a newly married (or engaged) couple, you have time on your hands with vast opportunity. With this, with some guidance along the way from a financial adviser, we're sure that you will reach your life goals together.

Find out more about how a Financial Spectrum financial planner can help you to grow and manage your wealth, call us today on **02 8238 0888** to arrange your first free meeting with one of our expert financial advisers. We can show you how to maximise your potential together.





Michelle & Ben's experience

Michelle and Ben had been married for 6 months when they came to see a Financial Spectrum financial adviser. Michelle worked as a teacher, while Ben was a sales executive at an IT firm. They rented an apartment in the inner city.

Michelle and Ben returned from their honeymoon in Europe with a large credit card debt which they struggled to pay off. They both wanted to start a family in the near future and Michelle was keen to be a stay at home mum until their youngest child reached school age. They also wanted to own their own home in a nearby suburb within the next 2 years.

Seeing a Financial Spectrum financial planner helped Michelle and Ben lay strong foundations for their future together by:

- Helping them with budgeting so that they could pay off their outstanding credit card debt
- Creating a plan for achieving their goals: to own their own home, and to start a family.
- Helping them with financial strategies so that they will be able to afford for Michelle to be a stay at home Mum.
- Helping to educate them about the basics of investing
- Arranging life insurance cover so that their family would be protected should they become ill, injured and unable to work, or die.

Thanks to their financial planner, Michelle and Ben have managed to purchase their first home and have a baby on the way. They are looking forward to a bright future together as a family.

Getting Financial Advice

Hopefully now that you've read this booklet, you can see how having a professional financial adviser can help you grow your wealth. No matter what stage of life you're at, our Financial Advisers have proven strategies to help put you on track to achieve your financial goals.

What can a Financial Spectrum Financial Adviser do for me?

The financial advisers at Financial Spectrum are passionate about helping their clients reach their financial and lifestyle goals.

Our financial advisers are experts in:

- ✓ Financial planning
- ✓ Estate planning
- ✓ Investing
- ✓ Insurance
- ✓ Structured investments
- ✓ Taxation planning
- ✓ Business succession planning
- ✓ Crisis planning
- ✓ Superannuation

How Financial Spectrum is different

We're independently owned, with no ties to the big banks or investment product providers which means we have access to a range of different providers. We operate on a transparent, fee for service system so you know how much our advice will cost BEFORE we start working with you. We don't earn commissions so you can feel confident that our recommendations to you are based on what we feel is truly best for your situation, not because of what we could earn from recommending a particular product.

Not being commissions based also gives us the freedom to help you with strategies such as budgeting and investing in property which many other advisers won't recommend because they don't get paid their commission. We believe strategies are the key to reaching your goals—not just products.



Grow your wealth— contact us

To find out about how a Financial Spectrum financial planner can help you at any stage of life, visit us at:

www.financialspectrum.com.au

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Contacting Financial Spectrum

You can contact Financial Spectrum by:

 Calling 02 8238 0888 9am—5pm Monday to Friday;

 Visiting our website at www.financialspectrum.com.au

 Writing to us at:
Financial Spectrum Pty Ltd
GPO Box 4812
Sydney NSW 2001

 Sending us an e-mail at info@financialspectrum.com.au

 Sending us a fax at 02 8238 0808