

**I**t's a ubiquitous notion; that the number one thing couples fight about is money. Dollars - that is, how to spend them, and how not to spend them - can be a major source of strain, and can even spell the demise of a relationship if not kept in check.

National Australia Bank senior financial planning manager, George Apostolou, says that whilst he has seen marriages fail due to financial stress, cash woes can most definitely be remedied. 'Establishing joint goals,' he says, 'ensures both parties are clear about what they want to achieve in both the short and long term.'

Therapist Marie Rowland ([talking-matters.com](http://talking-matters.com)) agrees, and says that establishing an open dialogue is key to a healthy marriage. 'The way each partner views money is an absolute pre-determinate of how successful the marriage will be. If one person wants to pool all income, whereas the other wants to maintain autonomy, those differing outlooks will have serious consequences - especially when other variables come into play such as starting a family or if one partner falls ill,' says Marie. 'Being open about money is crucial in ascertaining not just each other's approach to it but how you want to live your lives together. But if two people really trust each other and are prepared to compromise - and this means in all life matters - they usually find that finances don't have to be a stumbling block.'

According to *Bride to Be's* Cost of Love survey, 91 per cent of couples either live with their partner before getting engaged, or move in together during the engagement period. But while you may be living together already, and possibly sharing a bank account and mortgage, marriage is the perfect financial circuit breaker. It's an ideal time to create a monetary plan for your future, as a team - thereby avoiding any potential financial pitfalls.

## SETTING GOALS

'It's important, firstly, to work out what matters to each party when it comes to the life they want to lead and the values they espouse. Once this is established then short and long-term goals can be determined,' explains Marie.

At the beginning of each year, it's a good idea to sit down and discuss goals - both individual and collective. The individual goals could be things based around career, personal happiness, or your health. The collective goals should focus on what you want to achieve as a team and what you see in your combined futures - financially and otherwise. It's a good idea to check in every so often to make sure you're on track and on the same page.

Now is also the time that you should be



# FOR *richer* OR *poorer*

*Forging a clear financial path together,  
from the outset of your marriage,  
may be vital to its success,  
says Amy Collins-Walker*

sharing your long-term goals. It may seem ridiculous to talk about what age you want to retire, for example, but you need to think about such things now, so you can actually achieve them down the line.

## MAKE A BUDGET

A simple budget subtracts your expenditure from your income. From groceries to utilities, gifts and insurance, be sure to factor in all your essential expenses and an amount for miscellaneous ones too. Be patient though as it usually takes around twelve months of tracking to see the true financial picture.

'Couples should work off a yearly calendar and add in all of their utilities and known expenses throughout the entire year,' advises George. 'The budget should have an allowance for holidays, and a monthly portion of each month's pay should be put aside for this.'

## SPENDER vs SAVER

Try to find some common ground where your financial philosophies are concerned. Acknowledge that one partner may be the saver and one the spender. Agree to learn from each other's tendencies and understand that both have their benefits.

'Some of us may see money as a means to enjoyment whereas others tie money with security. When two people, who hold diametrically different views to money, come together, immediate conflicts will arise,' says Marie.

Understand that the spender may be chasing a better quality of life in the present, while the saver is chasing the very same thing, for the future.

'One may see the other as a killjoy, or frivolous respectively,' adds Marie.

However George warns against leaving the spender in charge. 'Do not allow the spender to be the financial controller, first and foremost. There should be one main partner who is across all the finances, but who also communicates openly and effectively with the other partner about the couple's financial position,' says George.

A union of opposites can work harmoniously though, says Marie. 'This can be the ideal relationship if each party respects and even celebrates the other's approach. It may be that this couple creates a budget where there is a slush fund for spending and another for saving,' she says.

## MONEY TALKS

One of the most important aspects of a successful partnership is communication. When it comes to money, it's essential to talk about spending - and to 'check in' with each other if you are considering making a large purchase. It's not about asking permission, it's about respecting each other enough to say, 'This our money - I just want you to be aware of what I'm thinking of using it for.' Then together, you can decide if it's a valid purchase, or if the money is better off being saved or used to pay off debt.

'Using the food money to buy a new frock or golf club, is not about the money but about a lack of respect. Money issues are more about a relationship that is no longer a partnership - where the individual needs precede the collective needs,' says Marie.

## financial must-dos

*While unpleasant to think about, some financial issues are best tackled head-on.*

### LIFE INSURANCE

'Life insurance is important when people have a home loan and debts as it's a very efficient way to have these debts paid off if you are to die prematurely,' says George who recommends income protection insurance too. 'Income protection is one of the most important insurances that everyone should have, as a person's income is what covers their expenses and allows them to live a certain lifestyle,' says George. It's worth noting that income protection is a tax deduction in most circumstances.

### CONSOLIDATE DEBT

Whether you are coming into your marriage with debt, or taking on your partner's debt, debt consolidation is key to getting on top of it as a couple.

'If possible, it's a good idea to consolidate any personal debt into a home loan as it's an efficient way to reduce the high interest payments associated with personal loans and credit cards,' says George. Ultimately though, you should aim to pay off the debt with the highest interest first. 'Once your debt is paid, reduce your credit card limit,' says George.

### LAST WILL & TESTAMENT

'A will provides direct instructions on how your wealth should be handled and distributed upon your death,' explains George, who recommends updating it on a fairly regular basis. 'It's an ongoing document that needs updating when significant life events occur such as the birth of a child, the advent of blended families or a divorce or separation.'

If you spend haphazardly without consulting your partner, you're saying that what you want is more important than what they desire. Furthermore, if one of you was spending a small fortune every month on unnecessary items and the other half matched those frivolous purchases dollar for dollar, you'd find yourself in a very bad financial situation quickly. It's not fair for one half to be the sensible one because the other half can't keep their wallet shut.

### PLANNING AHEAD

Living in the now is lovely, but you need to have a back up plan, which is why thinking about the future is essential.

'A strong work ethic when you are young, coupled with financial understanding and goals will put you in a stronger financial position in the future,' says George. Ignoring the future could see you in an uncomfortable situation when you finally want to put your feet up. Retirement may seem like a long time away now, but most people have no idea how much money they'll actually need at that point and are often left perilously short.

'The key to achieving long term financial goals comes from saving around ten per cent of your income each paycheck and living within your means,' says George.

'Your savings plan should be for long term wealth and should be invested in growth assets like shares and property,' says George who recommends seeking financial advice to put these goals in place. 'A financial advisor will help you track and monitor how you are progressing,' says George.

On the flipside, make sure you both of you have some money you can spend, guilt-free and without question. 'How much is put aside is up for mutual consideration and should be based on what can be afforded,' says Marie.

### BANISH DEBT

Most of us have been there – out-of-control finances and meandering from one paycheck to the next. Our generation is more comfortable with debt than any other and our reliance on credit cards and borrowing has reached historical highs. 'Because there is such easy access to credit now, young people don't have the discipline to save on a regular basis and rely on credit to afford the big-ticket items. They want instant gratification,' says George.

When you are young, it's the ideal time to take charge of your earnings.

### FINANCIAL PLANNING

The cost of seeing a trusted financial adviser is usually outweighed by the advice you receive, that could help you grow your finances in ways you may not have considered. 'As people go through life's stages their needs will change and a financial adviser is best suited to help them adjust their financial plan to achieve their changing goals,' says George.

Rather than simply earning money and spending it, or putting it in a savings account, there are many ways to grow wealth. 'There are numerous strategies that can be used to grow money but they depend on a person's goals, risk profile and objectives,' says George.

'When seeking out an adviser, you should speak to friends, colleagues and other professionals and ask if they can recommend someone they are comfortable with and who they feel has their clients' best interests at heart,' says George. 'You should also be aware of all the costs associated with the advice or products your financial planner is recommending.'

### BABY BANKING

While children may be a while off for you, *Bride to Be's* Cost of Love survey revealed 32 per cent of newly married couples will start trying for a baby in the first six months of their marriage. Not only do children need to be budgeted for, but you need to decide how you want to educate your kids about money.

'If as parents, it is made clear that money simply does not materialise and that it has to be earned, the value of money will be ingrained into children,' says Marie.

Do you want to raise children who fritter their money from month to month and don't know how to save? Or, do you want to bring them up to recognise the value of money, and the benefits of treating it with respect, for greater security in the future?

'Knowing that money is not a source of true happiness but merely a means to an end is one of life's great lessons for both children and adults,' adds Marie.

## budgeting tools

### MONEY HELP

Free budget planning, financial counselling and online budget tools make this site one to bookmark.

See [moneyhelp.org.au](http://moneyhelp.org.au)

### MONEY SMART

With calculators for everything from mortgage to credit card and retirement planning, this is your one-stop-shop for money management. It's linked in with a smart phone app called TrackMySpend which allows you to nominate a spending limit and track your progress, separate needs and wants to identify saving opportunities, and view your expense history.

See [moneysmart.gov.au](http://moneysmart.gov.au)

### POCKET BOOK

This app allows you to collate all of your financial transactions in one place and stay on top of your bills, thereby minimising bank fees and late payment penalties.

See [getpocketbook.com](http://getpocketbook.com)