



Financial planning for newlyweds

Contents

Introduction	3
Financial stress in marriage.....	4
Managing financial stress in marriage	5
Financial personality quiz.....	6
Your financial personality.....	7
Financial information gathering for couples	8
Some financial goals to consider.....	10
Case study: Michelle and Ben's experience	11
How Financial Spectrum can help	12
About Financial Spectrum.....	13

Introduction

Few would argue getting married is one of the biggest events of your life. In addition to the lifelong commitment, there are budgets to be managed, logistics to be considered and timings to be met. Once the confetti is swept away, you'll find the practicalities of married life are really a bigger version of the wedding process.

In recent studies, Australian couples ranked financial security as one of the most important factors in supporting marital bliss. Results showed couples under financial pressure were more likely to have relationship stress.

So when do you begin financial planning as newlyweds? The answer is well before you exchange rings! Talking to a financial planner can be a great advantage. You can gain an early understanding of your respective financial personalities, positions, habits and goals, and can develop a financial strategy to suit.

We hope this eBook provides some valuable tools and insights to help identify financial areas of agreement, difference or stress, and how to better understand and address them.



Financial stress in marriage

Recent research conducted by Relationships Australia showed that nearly 40 per cent of married women rate financial stress as the leading cause of relationship breakdowns. While there is little question that cost of living, unemployment and home ownership can create much of this financial pressure, other factors exist that may not immediately come to mind.

These include:

- Personality differences
- Differences in values
- A lack of knowledge and understanding about money and finance
- Poor communication

The good news is many of these areas can be addressed before they become an issue. By talking openly and honestly to each other and engaging a financial planner, you may find agreement on most differences while learning more about money and financial management.



Managing financial stress in marriage

Don't be disheartened by doom and gloom research. Much financial stress is related to personality traits and poor communication, rather than lack of funds.

One of the first things to recognise is that you have most likely come from different backgrounds and have varying perceptions of money and money management. Some people live for the now with no thought for the future, while others are much more conservative and squirrel money away for a rainy day.

Differences of this scale may create tension. To help you gain a better understanding of how your financial perspectives vary, try our Financial Personality Quiz on page 7. It may be an eye opener for you both.

Once you've gathered this information, discuss any differences so you gain a clearer understanding of each other's perspectives and then seek to find resolution. As important, discuss financial similarities and how these can be leveraged to improve your financial position.

Ideally take this information to a financial planner who can use it to develop an informed strategy that will help you move ahead as a team.



Financial personality quiz

1. Having savings set aside for an emergency is:

- a. Important
- b. Not very important because you have friends/relatives who could help you if you needed it
- c. Not important

2. I pay off my credit card bill:

- a. Every month in full
- b. When I can afford to
- c. I often have a large credit card debt that I struggle to pay off

3. The best place to keep any savings I have is:

- a. In a savings account
- b. In the stock market
- c. I don't have any savings

4. I think that life insurance:

- a. Is important for everyone
- b. Is only for older people
- c. Is a waste of money

5. I usually save this percent of my income:

- a. 20% or more
- b. 10% – 20%
- c. 0% – 10%

6. I make financial goals to work towards a holiday:

- a. Often
- b. Sometimes
- c. Never

7. If you won \$20,000 what would you do with it?

- a. Put it in a savings account
- b. Spend half now on a holiday and invest the rest in the stockmarket
- c. Spend it on a holiday or a new car

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 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.



Financial information gathering for couples

With the information gathered from the Financial Personality Quiz, your financial planner will be able to identify your financial category. This will help ensure there is a clear understanding of where each partner sits on the financial scale. One may be conservative while the other a risk taker. There is no right or wrong, but understanding will help in developing an appropriate financial plan that will work for both of you.

Indeed, sometimes opposites attract and this can be leveraged in a financial strategy. The conservative partner may seek to establish a long term savings plan while the risk taker has interest in high return shares. Both may result in positive financial outcomes. Like in many areas of marriage, compromise is always essential in these situations.

Coming clean on your financial position

The beginning of a long-term relationship is the time to be open and honest. What is each partner's financial position? Are there outstanding debts the other may not be aware of? To assist in this process it might be helpful and less stressful for each partner to complete our free [Financial Position Calculator](#).

If you do happen to find some skeletons in the closet, now is the time to take care of them. The more that is hidden, the greater the potential for it to negatively impact on both your relationship as well as your long-term finances.

Understanding spending and saving habits

Personality plays a large part in the spending and savings habits of people. Understanding what the pre-relationship saving and spending activities have been for both partners will be of key importance in the overall budgeting process.

We all know spenders and savers. Putting them together can be challenging and why early investigation and financial planning is so important. Your financial planner can become as much a marriage counsellor as financial guide as they seek to understand and mediate on the financial differences between couples.

To assist you in this process, it may be helpful for each partner to complete our free [Budget Calculator](#).

Opening the lines of financial communication

Now you have a better understanding of your respective financial personalities, positions and habits, you should commit to on-going dialogue on your financial situation as you move through life. There will be plenty of distractions along the way, from kids to careers. But if you keep the financial channels open and engage a financial planner, you will be better positioned to succeed.

Understanding differences in financial goals

So you've come clean on your financial personalities, positions and habits, and you're communicating openly on financial matters. It's time now to understand if you have the same financial goals. While most couples openly discuss the idea of having children or where they would like to live, many don't consider key financial questions such as investing, home ownership, life insurance and income protection.

If you've not done this, don't despair. Take the time to talk to a financial planner who can help reconcile any differences and guide you in getting financial goals in place.



Some financial goals to consider

Budgeting

As noted, our [Budget Calculator](#) will help you get a clearer picture of your spending and savings habits. It will also help you identify areas that need attention.

We also encourage you to complete the categories on the budget worksheet. By working on this together, you may come up with a spending and saving plan that will work for the both of you. You may also choose to speak to a financial planner to help you further refine your budget.

Independence versus co-dependence

Coming from life as a single may make the idea pooling resources a little daunting. There are, however, distinct advantages in doing this. We are not suggesting you completely hand over your financial independence, but combining your financial resources may allow you to do a great deal more than if you were to do it alone.

With a dual income, investing options open up. You may be able to save more or afford a better holiday each year. Whatever the case, if managed correctly and within agreed boundaries, pooling your resources can work to your financial advantage.

Investing

In any marriage or partnership self-help book, the term investment comes up as a common theme. In the case of these books, it's generally related to an emotional investment, be it time, effort, sacrifice or compromise. A financial investment can also have these elements, plus the goal of improving your financial life.

If you have moved through the previous steps of better understanding your partner's financial thinking, you may be ready to begin the investment journey. You may both like property, or perhaps share investment is more suited to you. Whatever the case, we encourage you to talk to a financial planner who can help guide you on investment options that will suit your financial profile and lifestyle.

Case study: Michelle and Ben's experience

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

Michelle and Ben had returned from their honeymoon in Europe with a large credit card debt that they were struggling to pay off. In addition, they wanted to start a family, with Michelle keen to be a stay at home mum and purchase a home close to where they were renting.

They needed sound financial advice to meet these goals. Seeing a Financial Spectrum financial planner helped them:

- Budget so they could pay off their outstanding credit card debt
- Create a plan to achieving their goals of buying their own home and starting a family
- Develop financial strategies that afforded Michelle to be a stay at home mum
- Learn about the basics of investing
- Arrange life insurance cover so that their family would be protected

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.



How Financial Spectrum can help

We hope that by reading this eBook you feel a little more comfortable with the tools and options you have as newlyweds. Not only is this an exciting time in your life, it's also an excellent time to begin planning your financial future.

At Financial Spectrum, we can help guide you every step of your financial journey. Our financial planners will always ensure you make informed financial decisions at all phases of your life together.



About Financial Spectrum

Financial Spectrum is an privately owned financial planning practice. We develop tailored financial strategies to help you build your wealth and achieve your lifestyle aspirations.

We offer so much more than investing. We take the time to understand you, and then help you make the right decisions to achieve the future you're aspiring to.

We can help you to:

- Plan for the future
- Build your investment strategy
- Grow your personal wealth
- Simplify your budget
- Minimise bad debt
- Increase your super
- Reduce your tax
- Protect your family

Let us help you take control of your finances, build your wealth and achieve your future lifestyle aspirations. Contact us for a complimentary, no obligation meeting today.





+61 2 8238 0888



info@financialspectrum.com.au



Level 13, 447 Kent Street, Sydney NSW 2000



Visit our website for free financial planning
resources, including tools, calculators and ebooks

financialspectrum.com.au

Financial Spectrum Pty Ltd, ABN 65 164 212 524

Corporate Authorised Representative, Spectrum Wealth Advisers Pty Ltd, ABN 57 134 661 706, AFSL 334400