

NOTHING SAYS

Forever

LIKE A

Pronup



PRONUP – A PLAN FOR STAYING TOGETHER

THE SECRETS TO STAYING POWER FOR COUPLES
A POSITIVE TAKE ON LOVE AND MONEY



FINANCIAL PLANNING
ASSOCIATION OF AUSTRALIA





WHAT DOES IT TAKE TO MAKE LOVE LAST?

Shared interests, making each other laugh, being on the same wavelength, a mutual love of coffee or curry or live comedy. All these things can be the glue that sticks you together as a rock solid couple.

When we have designs on someone as a partner for life, money just isn't something you think of as being essential to going the distance, until death do us part. As these facts and figures show, how we handle money as a couple can be more important than anything else in keeping us together, or driving us apart.

CAN'T BUY ME LOVE



Money is the no. 1 cause of divorce in Australia¹



One in three Australians are keeping money secrets from their partner²



More than half of couples who talk about money often don't fight about it³



When a women earns more than her husband, divorce is more likely to be on the cards⁴

1. Relationships Australia, *Relationship Indicators Survey*, 2011
2. Finder survey, 2017
3. ME Bank survey, 2015
4. Oxford Quarterly Journal of Economics, *Gender Identity and Relative Income within Households*, 2015



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WELCOME

Whether we like it or not, money can make or break a relationship. Ignore it at your peril, as two out of three couples who avoid talking about money end up arguing about it instead. Lying about money will have a negative impact on 3 out of 4 relationships.

That's why we're introducing the Pronup as a way of getting money out in the open. It's also ideal for laying down the ground rules between you and your partner about spending, saving and more. But a Pronup is far more than this. It's a whole planning journey, focused on keeping you united in your approach to life as a couple and the goals you have, for your lifestyle and finances.

In these pages, you'll find tips on how to bring money into your conversations as a couple and discover how other relationships have thrived thanks to the Pronup – a professional financial plan for building a better future together. You'll learn that in working together you have the power to unlock your financial freedom. By the end of the book, we think you'll agree that a Pronup is the ultimate investment in your journey together through life.



DANTE DE GORI CFP®, CEO

Financial Planning Association of Australia

01. WHAT'S A PRONUP?

HINT: IT'S NOTHING LIKE A PRENUP

“ A Pronuptial Agreement or “Pronup” is a written plan that a couple puts in place to set out their financial future together. It’s taking the time to discuss your goals for the future, creating a plan so your money can fund your dreams and give you peace of mind as a couple.

YOUR MONEY, YOUR WAY

The Pronup process begins by examining the state of your joint finances. Working with a CERTIFIED FINANCIAL PLANNER® professional, you’ll explore everything about how to make money work for the both of you, on a personal and practical level. This includes a close-up look at your current finances and then developing a strategy to guide you towards financial wellbeing. There might be a focus on paying for your children’s education, managing cash flow, looking forward to a comfortable retirement, insurance, or maybe all of the above.

IT STARTS WITH A CONVERSATION ABOUT:

- What money is to each of you
- How you can join up your finances in a way that makes sense.

- What you have and what you owe
- What’s working and what isn’t with how you save and spend
- What money could help you do, together and as individuals

KEEPING YOU UNIQUE AND UNITED

After all that soul searching and number crunching, you can breathe a sigh of relief as you get back to the business of living. In the meantime, the serious work is just getting started for your CFP® professional. They’ll be sifting through everything you’ve shared to come up with recommended steps for bringing you financial harmony and wellbeing, for now and the future.

Being mindful of your personal money styles, they’ll explore how your individual finances can be blended to come up with the best arrangements

for your budget, bank accounts, savings super and insurance. Then they’ll put all of this in writing – a Statement of Advice (SOA) – to discuss with you.

CHECKING IN AS LIFE TAKES OVER

As you get further down the path of commitment as a couple, life is only going to get more complicated. Having a CFP® professional checking in with you and keeping track of your progress towards your goals, you can get on with the exciting stuff while the money side of things is all taken care of. And as things change, the next conversation with your planner is the perfect opportunity to hit refresh on that list of goals.



02. HAVING MONEY CONVERSATIONS

GET MONEY OUT IN THE OPEN

Aussies hate to talk about money. In fact we'd rather stick to sex, religion or politics for a cosy chat over coffee or dinner.

So how do you break the ice with your significant other and avoid having a row in the process? Follow these tips on how to talk about money in your relationship and make it a safe subject you can keep returning to:

BE A DETECTIVE

Look for clues that speak volumes about your partner and their money habits. When talking about time spent travelling or with friends, what do they value about their experiences? If they expect 5-star all the way, it's a dead giveaway for extravagant spending habits. When they're happier to go budget, perhaps money isn't so important for having a good time.

MAKE IT A SOFT INTRODUCTION

A grilling about your partner's salary and future earning potential isn't a good place to start the conversation

about dollars and cents. Instead, talk about what they want from their life. Most of the time personal goals are going to take money to make them happen, so you're gently preparing the way for a more money-minded conversation about your future together.

SHARE YOUR OWN IDEA OF SUCCESS

If your partner's idea of financial freedom is retiring early and buying a super yacht, it's important to come clean about your own vision of a life lived in comfort. When you're both planning to join the millionaires club by 40 then you have a goal to

work on together. But if your lifestyle ambitions are more humble, better to speak up now and work out a compromise.

LISTEN, DON'T JUDGE

Our sense of shame around money can be a powerful thing. So if your partner has financial skeletons in the closet, it's better to show understanding if you want these important details about your partner's past to see the light of day. And if you fear their judgement when sharing money mistakes, ask them to keep an open mind. After all, it's better to come clean now and vow to do better together in future.



CASE STUDY 1:

THE RIGHT CONVERSATION AT THE RIGHT TIME

TILLY AND JAMIE BRAUER, 3 CHILDREN

Working with Murray Wilkinson CFP® for 7 years

Goals: Spend more time at home with our kids while they're younger.
Securing our future by building wealth.

Results: Making smart choices to maximise our time and money whilst kids are still young. Financial housekeeping sorted without feeling overwhelmed.
Year-on-year improvement in our wealth and assets.

As a young couple with a big family, it's important for Tilly and Jamie Brauer to devote time to their kids and grow their wealth. Working with Murray Wilkinson CFP® has helped them get on top of their money, move forward with their careers and plan for the future with confidence.

"It was Tilly's parents who encouraged us to speak with Murray as they wished they'd had the benefit of his advice much earlier in their own lives. We'd barely reached our 30s and were less than a year married, so financial advice wasn't really on our radar, but the first session was free so we decided to give it a try.

Right from the start we could tell Murray had our best interests at heart because the advice he gave us is exactly what we needed. It started with making more from

our income with an offset account and streamlining bank accounts to better manage our cash flow. Then we moved on to sorting out super, insurance and our approach to building wealth. He's careful not to overwhelm us and we've gradually ended up in a financial position that's really stable and never a source of stress.

Murray has also been an amazing sounding board when we've reached critical forks in the road. After selling our investment property in Brisbane we were all set to buy our own home. Murray suggested running an experiment to see if we could comfortably afford the repayments. This really opened our eyes to how hard this would be for us without Tilly returning to work full-time. Giving our kids the chance to have their Mum at home wasn't something we

were prepared to give up. With Murray's guidance, we invested the money in shares, to build our wealth without compromising on valuable time with our kids while they're still young.

Each year we review our net wealth position with Murray. Not only does it motivate us to keep doing what we're doing, it's also very comforting to know we're building up our assets. Without Murray I doubt we would be in a position where we can have a large family, enjoy our life together now and prepare for a secure future."





03. JOINED UP FINANCES

GETTING YOU BOTH IN SYNC WITH YOUR MONEY

It's important to get you and your partner in the loop on your finances.

Who calls the money shots in your relationship? It's often the case that one person takes charge of all things money, from credit card bills to cash flow. They'll be the one to make sure you don't get behind on rent and knows whether the price is right on that new couch you've both fallen in love with.

Whether you're doing it all yourself or letting your partner take control, you could both be better off if you share the load with your financial housekeeping. Ask yourself if the following two descriptions sound like you and your partner.

1. A TIGHT GRIP ON PURSE STRINGS

While it's great to be the one that's in the know and taking responsibility for your money, it can

put your partner at a disadvantage.

By not taking part in decision making, they're in the dark about your financial position and where it's heading. You'll be stressed if money matters are getting out of control and your partner may one day find themselves surprised to be facing some harsh financial realities.

2. IGNORANCE IS BLISS

Leaving the money management to your other half may well be the perfect division of labour from your point of view. But what would you do if your partner falls ill or you end up going your separate ways? You stand to lose more than your relationship if you stay in the dark about

your finances. And when you know what's going on with money, it can actually be a trigger for making exciting decisions about your future.

THE SOLUTION

By putting your heads together on your finances, you could bring benefits to your whole relationship and give both of you a chance to be clear about where you stand. Talking about your current money situation and future goals with a CERTIFIED FINANCIAL PLANNER® professional can be a great way to get you both on the same page and working together towards a better financial future.

SETTING SHARED GOALS MAKES FOR A STRONGER RELATIONSHIP

WHY WORKING TOWARDS PERSONAL GOALS
MATTERS, FOR YOUR RELATIONSHIP AND FINANCES

“ When we first got together our goals were pretty simple. Then kids come along and everything changes. You can't take it for granted that you'll have all the money you need to provide them with a good education and fabulous family holidays.”

Susan, CFP® professional client

Some recent stats from *Relationships Australia* show just how important it is to get clear on your money goals as a couple. In a recent survey of 2000+ people, more than 80% believe financial troubles push couples apart. And almost a third of these respondents think these relationship problems come from people having different priorities and expectations about money.

Here's a quick three-step checklist that highlights why money goals matter and how you can get started on defining and working towards yours.

1. MOST GOALS TAKE MONEY TO MAKE THEM HAPPEN

By talking about what you both want to achieve in the next 5, 10 or 20 years, you'll become aware of the money needed to achieve these goals. Whether you're more motivated to travel the world, or save for your first home, you'll have a much greater chance of doing either – or both – if you agree on your commitment to these goals.

2. WHAT ARE YOU SPENDING NOW?

Should you buy a good coffee machine to avoid that daily spend on takeaways? Switch Friday night drinks from weekly to monthly to save more for that overseas trip you both enjoy so much each year? Deciding together

what to trim from your budget will ensure more of your money is spent on what you both value.

3. SET UP BUDGET BUCKETS

Look at taking a more structured approach to help you stick to your agreed spending and goals. Separate accounts for essential expenses, extras, short and long terms savings can help you keep track of your cash flow. You'll know when you have money available to treat yourself to a clothes shopping binge (from the extras bucket) or a holiday (from the short term savings bucket).



CASE STUDY 2:

GETTING CLEAR ON GOALS AND HOW TO REACH THEM

SUSAN AND CALLUM, 2 CHILDREN (AGED 2 & 5 YEARS OLD)

Working with Chris Giaouris, CFP® for five years

Goals: Helping our kids buy a home in the future. Enjoying new adventures together in retirement.

Results: A realistic budget for all our goals – short and long-term. Wasting less time and money on fees. Knowing the long term impact of choices – working hours, spending on holidays, saving for retirement.

Susan and Callum have always been 100% united on their personal and financial goals. But working with Chris Giaouris CFP® in the last five years has helped them get serious about saving and investing for the fun they look forward to having in their future.

“We make a good team when it comes to money, and life in general. But our whole approach was quite random, putting money into shares and savings here and there and it all became very complicated to manage.

Our first meeting with Chris came at the perfect time. We were just about to have our first child and needed a simpler, more effective way to manage money. And when you have this real little person to plan for, having a framework for your money goals becomes very important.

The real value for us in working with Chris has been exploring all the goals we actually have and don't plan for. From buying a new car to going on holiday, we did this in an ad hoc way, with no budget in mind. With this new approach everything is covered.



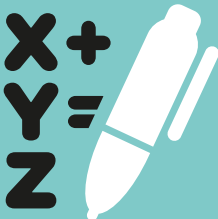
The forecasts Chris provided us clearly demonstrate good outcomes from the choices we're making now, so we feel really clear and well informed. But Chris is also so thorough and organised, he really listens to our ideas and feelings about money and the future and that comes through clearly in the advice he offers. So we know we can trust him to keep us on the right track, no matter how distracted we are by our busy lives.”



THREE WAYS TO UNITE YOUR FINANCES AS A COUPLE

Having a Pronup doesn't have to mean merging your money completely. This might be an ideal approach for some people, but there are many other ways to make the best of your budget, cashflow and savings.

Here are three alternative ways to manage money as a couple:

	THE SYSTEM	WEIGH IT UP
<p>EQUALITY RULES</p> 	<p>You put the same amount towards shared expenses and keep the rest of your income to spend on yourself, regardless of who earns more.</p>	<p>PROS:</p> <ul style="list-style-type: none"> • Ideal if you're just moving in together or in the early stages of a relationship. <p>CONS:</p> <ul style="list-style-type: none"> • Gets tricky if one partner earns substantially more or has big debts to pay off. • Relies on trust - who has time to check that all joint account transactions are for shared expenses?
<p>FAIR SHARES</p> 	<p>Each partner bases their share of household budget on what they earn. So if you're on an annual salary of \$40k and your partner earns \$80k, they'll put twice as much towards shared expenses.</p>	<p>PROS:</p> <ul style="list-style-type: none"> • You get to share a better lifestyle as a couple, having the experiences you really want. <p>CONS:</p> <ul style="list-style-type: none"> • The higher earning partner can feel they're being exploited. • Communication is key - stay on top of any negative feelings about who does the earning and spending.
<p>SPEND ONE, SAVE THE OTHER</p> 	<p>All living expenses are covered from just one of your two incomes, and you save the rest.</p>	<p>PROS:</p> <ul style="list-style-type: none"> • Can work if you're 100% committed to a long-term future as a couple. • Gives you freedom to travel, study, raise kids, change careers etc. • With limited impact on lifestyle, as you're used to living on a single income. <p>CONS:</p> <ul style="list-style-type: none"> • One (or both) of you may struggle to stick to such a strict savings regime, which could cause stress and conflict.

04. GET PRONUP PREPARED

WHAT A PRONUP COULD SAVE YOU

Planning finances now could be your best investment in what you value most.

“ Life moves very fast and before you know it you have assets that are valuable – a family, a home, a business. If you have any of these things in your life already, you can benefit from financial advice.”

Christina, CFP® professional client

Keeping money matters on the back burner won't spell doom for every relationship. But with money being the number one cause of divorce in Australia, why would you leave it to chance?

Here are three reasons why it's worth investing in financial planning to future-proof your relationship:

1. KEEP THE ROMANCE ALIVE

In modern days, money isn't the reason for two people to join together on their journey through life. It is a great enabler when it comes to leading a fulfilling life based on shared values and goals. So while a meeting with a financial planner might not seem as romantic as dinner for two, it's actually just the kind of date you want to be having to keep your relationship thriving.

2. MAKE SPACE FOR IMPORTANT CONVERSATIONS

Putting your partner, kids or home at risk is something you'd want to avoid at all costs. But it's often time, as much as money, that's the problem. Putting together a will, organising insurance and figuring out how to start saving and investing for the future are all things you might have on your agenda already. Speaking with a planner can help you turn this laundry list of money management into an achievable, well-researched, step-by-step plan.

3. GIVE YOUR FINANCES A FIVE-YEAR ADVANTAGE

A divorce is bound to be devastating for your feelings and sense of identity and the fallout

for your finances is just as significant. The 2016 AMP NATSEM report *Divorce: For Richer, For Poorer*, found that it takes five years on average for individuals to get back to where they were financially at the time of separation. A five-year set back on your super, mortgage, savings and investments isn't something you'd welcome. By investing in a robust, flexible plan for your future as a couple, you could well avoid this disruption to your family and finances altogether.

THE PERFECT PRONUP PARTNER

HOW TO GO ABOUT FINDING A CFP® PROFESSIONAL

A CERTIFIED FINANCIAL PLANNER® professional has the experience, approach and skills you need to support you as a couple, at any stage on your money journey.

A CFP® professional is internationally recognised for having the highest education and ethical standards in financial planning. So when you want trusted, credible financial advice, look for a CFP® professional. But just like choosing a partner, the first financial planner you come across may not be the right fit.

Use our checklist on the following page to find a CFP® professional who is the perfect match for your money personalities, life stage and goals.

1. EXPECT MORE THAN A LICENSE

A financial planner can provide personal financial advice providing they work for a firm holding an Australian Financial Services License (AFSL) issued by the Australian Securities and Investments Commission (ASIC).

To become a CERTIFIED FINANCIAL PLANNER® professional, financial planners take on additional ongoing education and training to meet advanced standards in their professional and ethical conduct. As financial planners with the highest designation in the profession, a CFP® professional will always deliver advice that's 100% focused on meeting your unique goals and needs.

2. ASK FAMILY AND FRIENDS

If someone you know is at a similar stage in life, and is full of praise for the financial advice they get from their CFP® professional, it's worth getting in touch to see if they're a good fit.

3. HOW WELL DO THEY KNOW YOU?

Check your potential financial planner's website and LinkedIn profile to find out if they specialise in advice areas where you might need help. Are they familiar with strategies for reducing debt, or investing for your kids' education, for example?

4. GO WITH YOUR GUT

If a CFP® professional seems like a good match on paper, take your time to ask questions and get to know them during your first meeting. Does the conversation feel easy, warm and do you get excited by talking with them about the future? If your gut is telling you you're going to get along, then you can start moving forward with the more formal planning process.

5. WHAT TO AVOID

When a financial planner seems to be more interested in selling products, it's time to look elsewhere. Personal financial advice should be based on your unique situation and needs. A one-size-fits-all approach is just general advice and may lead you to make a choice that doesn't match your circumstances or goals.



DO YOUR PRONUP **PREP**



To get the best from your first meeting with a CFP® professional, it doesn't hurt to do your homework. Working through this list before you meet will help your planner get up to speed on:

- Financial baggage you're bringing to the relationship
- Where you stand with your finances now
- Your plans for the future.

PRONUP **CHECKLIST**

	EXAMPLE: SUSAN AND CALLUM
WHERE YOU'RE COMING FROM	
What's your money mindset – saver, spender, somewhere in between?	Callum and I both had hardworking parents. We appreciate the value in the money we spend and we're not extravagant.
Who makes the money decisions?	Callum puts in the research, I dive into the details and then we make the decision together.
WHERE YOU'RE AT	
Debts and assets?	We have a mortgage on our family home.
What's happening with your super?	Self managed super fund.
Personal insurance?	Thanks to working as an airline pilot, Callum has really good cover. But we needed to sort out my insurance.
Savings or investments?	Cash savings and some shares spread across different accounts, paying too much in fees.
WHERE YOU'RE GOING	
Within 1 year	Family holiday.
Within 5 years	School fees for kids, car upgrade.
10 years and beyond	Help our kids buy a home.



GET MATCHED WITH YOUR PERFECT PRONUP PARTNER

Visit moneyandlife.com.au and try our easy-to-use **MATCH MY PLANNER** service. It's a simple online tool that walks you through some questions to discover your financial goals, a bit of background on you (age, marital status and dependants) and asks you how many CFP® professionals you'd like to hear from in order to decide which financial planner is right for you.

We'll then send you an email when a CFP® professional has made contact and you can decide if you want to connect further by using the app's messaging function. From there you'll have your first meeting with a CFP® professional to get your Pronup underway.



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