

# Money Before Matrimony



Saying, 'I do,' a second time may come with extra financial considerations now that you have a pension, RRSPs, a business or other assets to protect. A frank discussion about your finances with your partner, before you exchange rings, may smooth away potential money conflicts and pave the way to a better marriage.

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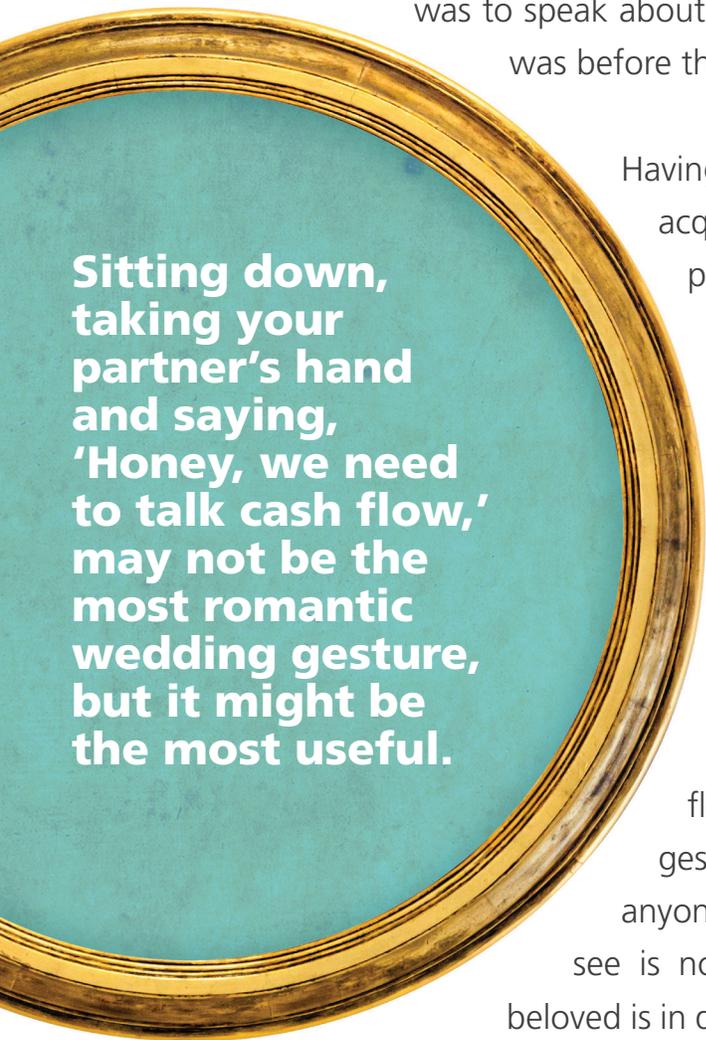
When Nicole Ewing joined an online dating site three years ago, she purposely uploaded an honest photo and profile of her true self.

Three years later, the 39-year-old Ottawa bride-to-be was just as forthcoming when she and her fiancé, Joe — yes, they met online — sat down and had a discussion about what they both owed and owned, their money obligations, retirement plans and ideas for a pre-nuptial agreement (prenup). The plan was to speak about exactly what each other's financial situation was before they joined their lives together.

Having the 'money talk' is a great way to become acquainted with the financial side of your partner. It may be even more important for financially-established people who have accumulated decades' worth of assets, like a home, a pension, RRSPs, and perhaps a business. If you have a successful career, you have more to protect than if you are just starting out.

Sitting down, taking your partner's hand and saying, 'Honey, we need to talk cash flow,' may not be the most romantic wedding gesture, but it might be the most useful. As anyone who has dated online knows, what you see is not always what you get. Finding out your beloved is in debt, has previous financial responsibilities, or just has different spending habits from you could prevent post-honeymoon surprises.

The money talk may even save a future marriage from coming apart, if it gets the couple earnestly talking and working on money problems before those issues get out of control.



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How you approach such a touchy subject is as important as the subject itself, says Gary Direnfeld, a relationship expert, speaker and author of *Marriage Rescue*.

He says that you must express your concern to your partner that you may not have the best relationship possible unless you can work together on your finances.

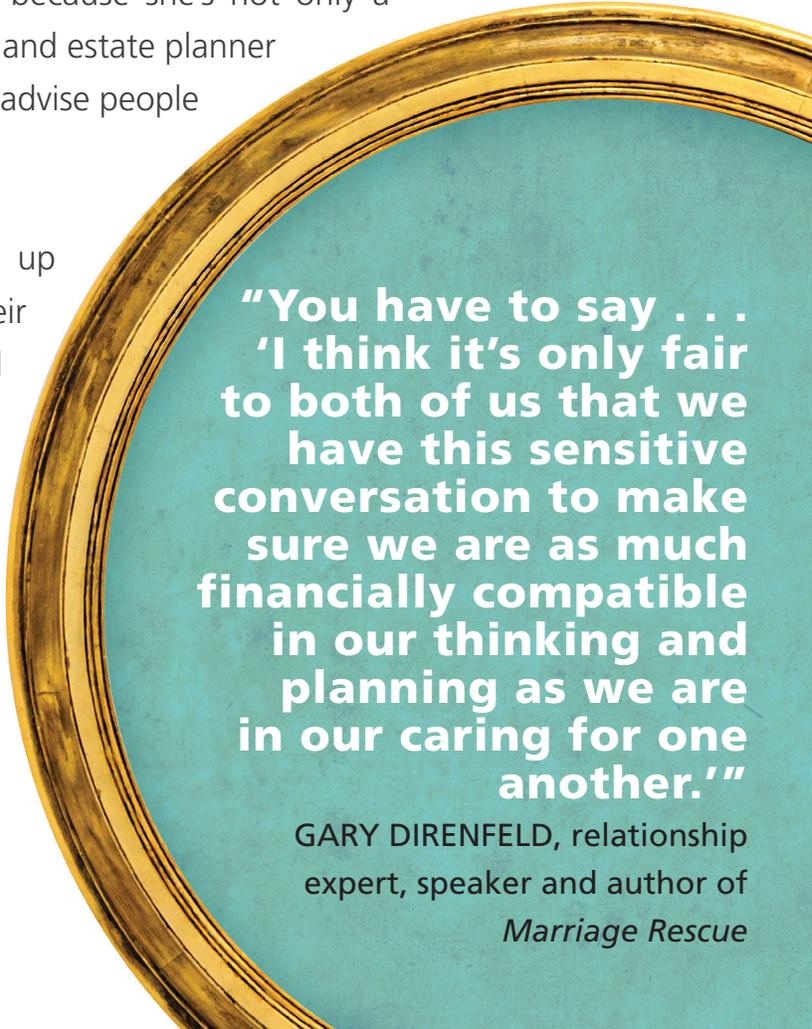
“You have to say, ‘I really don’t know what your financial situation is and what your needs and expectations are, and nor do you know mine. I think it’s only fair to both of us that we have this sensitive conversation to make sure we are as much financially compatible in our thinking and planning as we are in our caring for one another,’” he says.

### **Being honest in a marriage**

Nicole Ewing walks the talk. That’s because she’s not only a bride-to-be but also a TD Wealth tax and estate planner and has often used her own story to advise people in much the same situation.

“I’ve seen marriages break up because people misrepresented their circumstances,” she says, and ignored the role of finances in their marriage until it was too late.

Ewing says that just as couples must promise to love, honour and cherish, in regard to their finances, they must be open and honest with their partner. That means having a talk — often a hard one —



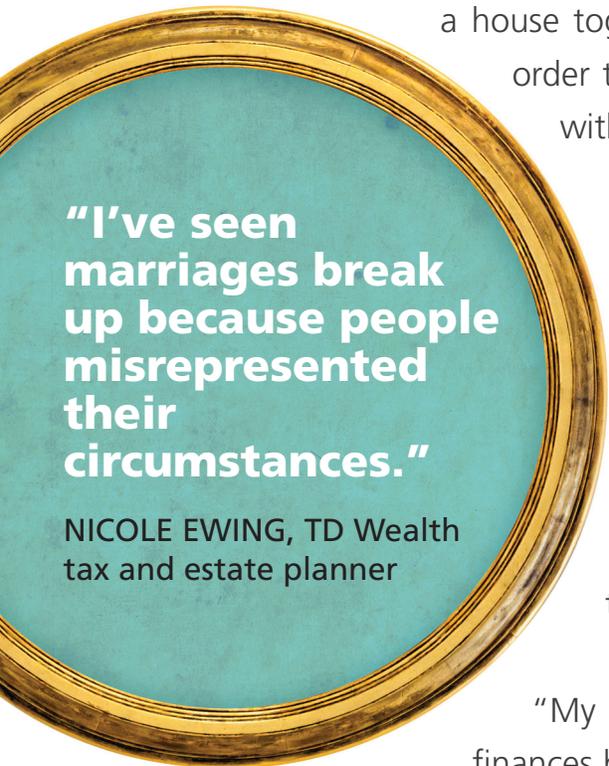
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and showing the true nature of your financial situation, complete with statements and other paperwork.

“If somebody is not sharing the bad news about their finances, then they may not be sharing the bad news about a lot of other things as well. It’s more of a symptom than an isolated issue,” Ewing points out.

Furthermore, Ewing says it may be too late to have the money talk after the honeymoon is booked, the reception is paid for, or after you have bought a house together. It has to happen right at the beginning in order to smooth out all the plans and purchases that go with marriage.



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Ewing has had the money talk with her husband-to-be and it sorted out some misconceptions he had about what will happen to each other’s property when they get married. Nicole and Joe, after working with their own lawyers, will be signing a pre-nuptial agreement or marriage contract soon, and that peace of mind actually helped Joe agree to the marriage. But Ewing insisted on it as well.

“My previous marriage was not a good marriage and finances became a real issue — I need the security of having my own money and being able to provide for myself in the future and that’s really my goal,” she says.

She says the conversation she had with her fiancé got down to the nitty-gritty of what couples owe each other financially. Joe had heard horror stories of people being left impoverished if the marriage broke down, and he mistakenly thought that if he got married, his whole government pension could be at stake.

“It’s funny because I’m in the personal finance industry and my fiancé is not and when we originally started talking about how we were going to be doing our finances together, it was an education for him. It’s a matter of letting him know, what are the general default rules over property in a marriage (if no prenup exists) and what will happen if we do nothing,” she says.

### **A prenuptial agreement can head off problems**

A prenup does not guarantee a problem-free division of property if the marriage fails, but a valid agreement could go a long way to settling the financial issues. When a couple divorces, the Family Law Act — each province’s legislation is different — may have a powerful influence over how the money and property of both partners is valued and shared equally.

Similarly, if a spouse dies and the other spouse doesn’t feel they’ve been treated fairly in a will, they may be able challenge the will and get ownership of the deceased spouse’s goods if no prenup has been drawn up.

Ewing says that the media portrayal of prenups — a way of preventing a gold-digger from capturing a wealthy partner’s money — is highly inaccurate. She says the prenup or marriage contract simply spells out a discussion that all couples in all situations should be having about their money and property.

Ewing has even suggested that couples, who got married without a prenup, write a “post-nuptial” agreement, if they feel the need to be clear about their financial state and their intentions.



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She emphasized that the key is honesty. Couples must really be totally candid and open when they draw up these contracts and reveal every side of their money world. Not being completely open about your situation could invalidate the contract and, if the marriage breaks down, everything you own may be up for grabs.

As for Ewing's prenup, she said they have had to work out what their plans and obligations are to each other; they both have pensions and they are buying a house together on the Rideau River, but Joe is keeping his previous home.

"Because of everyone's diverse backgrounds and situations, it's usual that couples come together with highly different, and unequal, financial circumstances. There can be different numbers of children from previous marriages. One spouse has one child and the other spouse has three children, and then the obligations are going to be different. But I think if people communicate about these responsibilities and you involve your advisors in their conversations as well, there's usually a solution to the problem," Ewing said.

### **Different money styles can co-exist**

They say that opposites attract. But when each partner comes to the altar with widely different behaviours around money, the differences may be problematic. Someone, who is used to saving and accounting for every penny, may find it difficult to marry another who believes in an 'easy come, easy go' attitude. If one partner is spending their new partner's money out of all proportion, the couple needs to have a talk on what the rules and plans are around their money.

"Something as basic as doing a budget is important," Ewing says.

"Discussing 'what our lifestyles, our costs and our obligations are' can bring out revealing information . . . . So if you carefully do a budget, going

through that exercise is really valuable, and you can start to see where there may be some discrepancies if someone is saving a pot of money and someone is figuring out how to spend it.”

Compatibility problems can also crop up if there’s a big gap between the net worth of each partner prior to marriage. Couples may also have a different tolerance to risk when it comes to their investing style.

That’s not to say these are easy discussions. It’s difficult to discuss obligations concerning a previous marriage, poor investments, or savings that are not as abundant as they should be. Having to dredge up some memories such as a poor credit rating or a bankruptcy, to someone you want to impress, is considerably much harder.

## How to start an honest conversation about money

- 1** Express your care that you want the relationship to be the best it can be and money worries can be an obstacle to that.
- 2** Make the discussion about you “opening up about your finances,” rather than “demanding your spouse reveal their information.” “I think you should know about my finances,” is the opening line.
- 3** When you first open the conversation, your partner may be reticent to talk about it. Give them time to think about it.
- 4** If you can’t get the conversation going, get help from a professional, a financial planner, a lawyer or even a marriage counsellor.

**Gary Direnfeld**, social worker, internationally-known relationship speaker and author of *Marriage Rescue: Overcoming the ten deadly sins in failing relationships*.

If couples have questions or concerns about protecting their money and property before they exchange rings, they should speak with an advisor and lawyer to try to protect their goods in case the relationship is not successful, or just to arrange some financial ground rules for their everyday life. Having different ideas around money need not doom a marriage — clear understanding and mutually agreed upon rules and boundaries only have to be worked out.

“In terms of debt, RRSPs, investment strategies or anything, when a couple is coming together in a marriage and they really want the best of each other, they will give a true description of their finances. When they are working as a team, they are far more likely to achieve their goals,” Ewing said.

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