

true wealth

SEPTEMBER 2014

+ **COUPLES
& CASH**
How to manage
your finances

+ **TAKING
CONTROL**
Why you need life,
disability, income
protection

fitness
IN FOCUS

THE TRUE COST
OF HEALTHY LIVING

ngs
Super





COUPLES and cash

Love may be blind, but when it comes to managing money in a relationship it pays to go in with your eyes wide open. By Rebecca Douglas

It's a scenario that would fill even the most loved-up with dread. What if your partner suddenly skipped out and left you with a huge debt? It does happen, and the effects, financially and emotionally, can be devastating.

According to not for profit Relationships Australia, money is one of the leading sources of conflict for couples and financial troubles cause around 25 per cent of all relationship breakdowns. The good news is there are a few simple precautions you can take to help avoid this unhappy ending.

Firstly, it's handy to lay some groundwork at the beginning of the relationship. Make sure you can have frank, open discussions about money with your partner without World War III breaking out. Talk about your current financial situation, individual approaches to saving and spending and what you'd like to achieve together in the future. Are you hoping to start a family? Take time off to study? Retire at 60 and party on the French Riviera?

Once you've sorted out these nuts and bolts, the next decision is who will be

handling the finances. Will one person pay the bills and balance the budget or will you share this role? Even if you're taking a backseat on the budgeting and bill-paying front, it's always wise to have a general understanding of your financial position.

This is a lesson Brisbane mother Julie Rainbow learnt the hard way. She was left with a whopping million-dollar pool of debts when, after two years of marriage, she began to notice something didn't add up. "As many women do, I trusted my husband to

manage our finances while I focused on my business and raising my young family," reveals Julie. "But life soon began to unravel when I noticed my husband was not disclosing our true financial position. There were multiple debts to a long list of lenders. Devastatingly, this list included members of my family."

In the years following, Julie and her children experienced a dramatic change in lifestyle. She was hounded by debt collectors and forced to declare bankruptcy, eventually losing her award-winning business, working numerous jobs and living week-to-week to provide for her children.

PP **MAKE SURE YOU CAN HAVE FRANK, OPEN DISCUSSIONS ABOUT MONEY WITH YOUR PARTNER WITHOUT WORLD WAR III BREAKING OUT.** 99

She has since (mostly) recovered financially and started Clarity Road, an organisation to empower and inform women experiencing similar life-changing events.

Another vital phase is moving in together. Whether you're renting or buying a house, be careful whose name will be on your bills and statements. It's best to put both your names on utility bills like electricity and gas, meaning you will both be equally responsible. The same goes for other liabilities and big purchases like your home and mortgage or lease agreement.

Additionally, insurers offer substantial discounts if you share a private health insurance plan for couples or take out multiple policies for car, home and other types of insurance

all with the same company. You may also be able to divert some of your super to your spouse.

However, it's a risky manoeuvre to put your name on a loan where only your partner benefits, like their car. They could burn off into the sunset leaving you without a car, but with a nasty debt. Similarly, being a guarantor on their loan (e.g. for their business) means, like in Julie's case, debt collectors could be hounding you to repay the debt long after your partner has left. Seek financial and legal advice before signing to suss out whether it's a wise move in your situation.

In the end, it may not be the most romantic topic, but being money-smart can help you live with some financial clarity, no matter what the future holds.

What happens if you break up?

Miles Larbey from ASIC's MoneySmart recommends the following steps for securing your post-breakup financial future:

- 1 List all your assets and debts.
- 2 Gather all your financial documents, including credit card statements, superannuation accounts, tax information, insurance policies, investments and property deeds.
- 3 Close off your joint accounts. Check that your pay is going into a separate account.
- 4 Find out about potential Centrelink assistance.
- 5 Seek free legal advice and financial counselling.
- 6 Ask for support from family and friends. They may be able to share ideas on making your money go further.
- 7 The Department of Human Services can help explain your child support options and has a range of self-help tools.
- 8 Speak to a solicitor to freeze joint accounts, separate property held in joint names, take legal action if property is held in your partner's name and prevent its sale before the final property settlement.
- 9 Sort out your super. Super is treated as a type of property and can be divided by agreement or by court order. The family law courts have more information.
- 10 Consider insurance, including car, home and contents, and income and life protection insurance, especially if you have kids.

Where to seek advice

- + **Australian Securities & Investments Commission**
Call 1300 300 630 or visit www.moneysmart.gov.au
- + **Department of Human Services**
Call 131 107 or visit www.humanservices.gov.au
- + **Family Court of Australia**
Call 1300 352 000 or visit www.familycourt.gov.au
- + **Financial Rights Legal Centre**
Call 1800 007 007 or visit www.financialrights.org.au
- + **NGS MoneyCoach**
Online tutorials at www.money101.com.au/ngs
- + **Relationships Australia**
Call 1300 364 277 or visit www.relationships.org.au