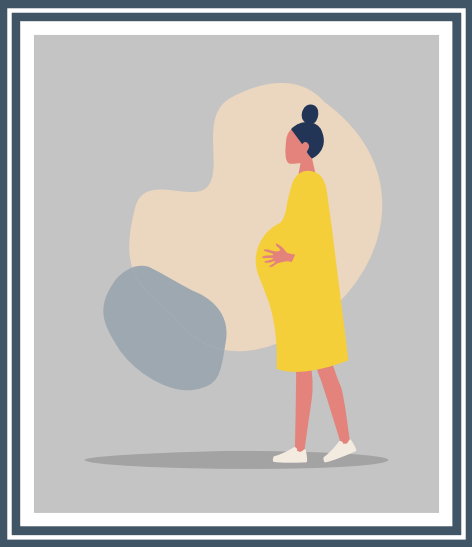






Building a Better Financial Future

MONEY MOVES WHEN ADDING A SIGNIFICANT OTHER



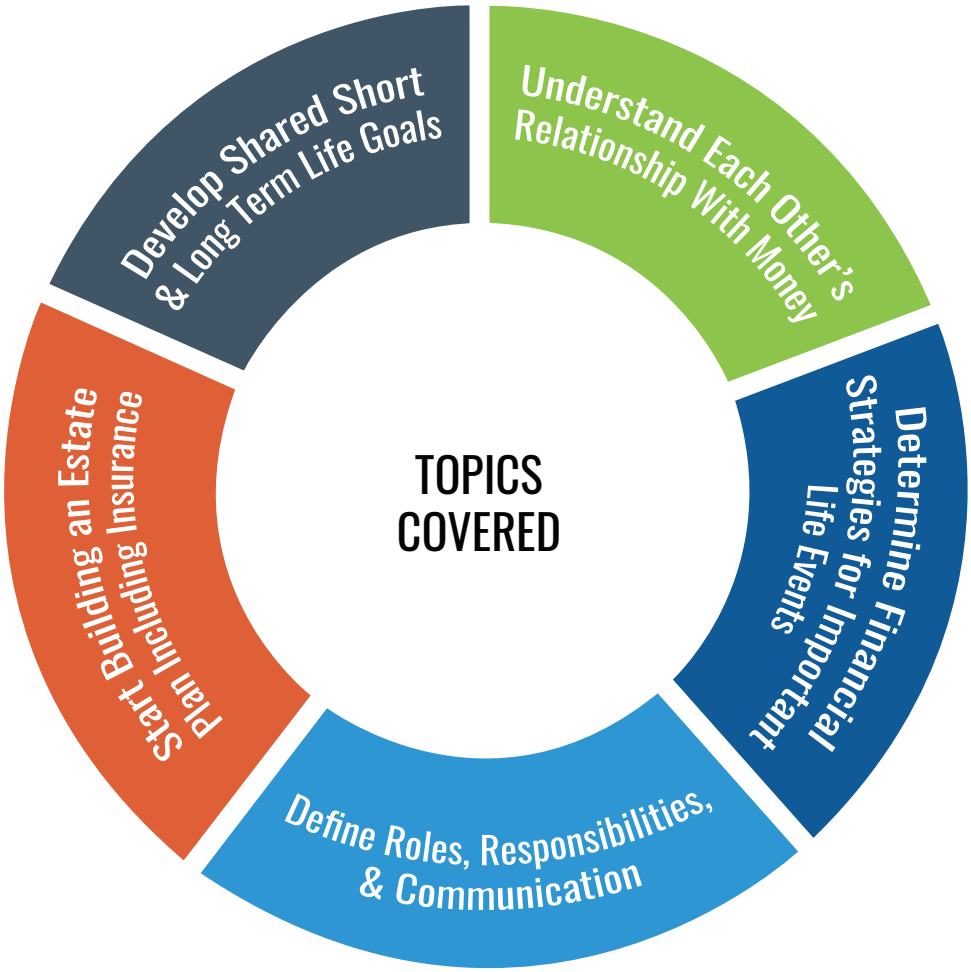


"You can truly make a difference in your financial situation through the actions and decisions you make every day with your money."



BUILDING A BETTER FINANCIAL FUTURE | ADDING A SIGNIFICANT OTHER

Adding a significant other to your household is one of the events that has the greatest impact on your financial life. There is always some amount of change for both people. Regardless of martial status, as soon as you begin sharing financial responsibilities, the relationship is going to change. Financial stress is still a leading issue for relationship problems and cited more often than any other reason. This is why it is critically important to develop an equal partnership and work together towards shared financial goals. To accomplish this, there are five important steps to complete together.



KEY TAKEAWAYS

1. It's important for you & your significant other to share all past financial history including your own thoughts about money.
2. Discussing important life events & developing plans for them in advance is helpful in building a healthy relationship.
3. Have equal sharing of financial responsibility & decision-making with a focus on compromise to achieve shared goals.
4. Successful relationships require open collaboration on all financial matters from daily life to long term financial goals.

UNDERSTAND EACH OTHER'S RELATIONSHIP WITH MONEY

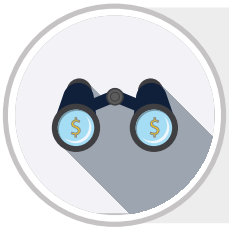
Your first goal needs to be sure you understand each other's relationship with money because not everyone has had the same financial experiences. From how each other's parents handle financial situations to how much money each of your families have are big clues into your money personality. The ability to talk openly and honestly, without being judged, is extremely important in building a lasting relationship whether it is about money or any other issue.

COACHING POINTS

- Don't be judgmental about any past issues
- Share everything even if it has been resolved
- Ask questions but don't press for details if it is a sensitive topic
- Address the differences in each other's financial wellbeing
- Expect this to be an in-depth conversation, not a quick chat

UNDERSTAND EACH OTHER'S RELATIONSHIP WITH MONEY

Getting the conversation started:



How does each person's family view money?

- Come from poverty or wealth?
- Do parents practice smart money habits?
- How did each family handle a financial setback?



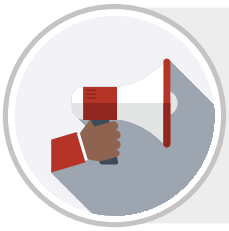
What types of financial decisions have been made already?

- Amount saving for retirement?
- How much student loan debt?
- Decision on living space and transportation?



How much is too much to spend without a plan?

- Is there a limit or none?
- Are your limits realistic?
- How willing are you to ask before spending?



How do families handle financial decisions from basic to major?

- Do your parents have a long term plan?
- Were they prepared for you to attend college?
- Who makes the decisions in your family?



How do you view the role each plays in financial matters?

- Should the one who makes the most have final say?
- Does one person need to be forced to take all responsibility?
- What would an equal partnership look like?



Share how each paid for college, first car, apartment furniture, and other major expenses?

- Was it a mix of savings and debt?
- How was long term balanced with short term?
- What smart habits were used in these transactions?

UNDERSTAND EACH OTHER'S RELATIONSHIP WITH MONEY

Share all previous financial history:

Share any poor decisions or past charge-offs, judgments or bankruptcies if they exist

- Don't want to be surprised when major financial events happen
- Can be a starting point in doing financial matters together

Discuss each other's budgeting method and how you handle daily financial tasks

- Do you spend until the account is low or have a monthly plan
- Do you use automatic billing and other mobile payments

Ask what financial habits are annoying to each other

- Does carrying and paying with cash cause you stress
- Do you prefer using debit over credit to avoid overspending

Talk about how it makes you feel if your checking account has less than $500

- Is there concern about overdrawing the account
- Does it make you feel like you are running out of money

Answer the question: Is it okay to pay a bill late? If yes, how late?

- Discuss if paying late fees is an option
- Make a point to agree on how bills should be paid

UNDERSTAND EACH OTHER'S RELATIONSHIP WITH MONEY



THE UNDERSTANDING YOU SHOULD GAIN

- How to discuss financial matters with each other
- The amount of unplanned spending that is safe to do without discussing
- Ways to make your partner feel comfortable with your financial situation
- An understanding of how you will each need to compromise in the future
- What obstacles need to be overcome for financial success
- How you both can help each other grow in financial awareness

DETERMINE FINANCIAL STRATEGIES FOR IMPORTANT LIFE EVENTS

Starting your relationship in significant debt can lead to money problems and tensions in the relationship. Additionally, other important financial decisions should be discussed before committing to a deeper relationship. This will help avoid future financial stress. Everything from kids to cars is important and has a financial impact. Goals can change but it is important to have a baseline understanding of how each feels about these important life moments.

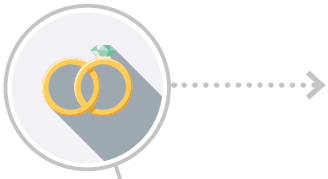
COACHING POINTS

- Wedding indebtedness is an important discussion
- Agree on living arrangements which includes: where, what and how much
- Have a priority for big events in your life together
- Talk about kids and financial impact of that decision
- Make a decision on the budget issue

DETERMINE FINANCIAL STRATEGIES FOR IMPORTANT LIFE EVENTS

All Things Wedding

- Pre-nuptial agreement or not and reasons for either decision
- How much to spend on your wedding and who is paying?
- If you have to borrow, how much is too much debt for a wedding?
- How many people can you invite on your budget?
- What is the most important part of your wedding experience?



Housing Decisions

- Will you start in an apartment or a house?
- How furnished do you want your living space?
- What type of house do you want when kids arrive?
- Is having a lake or vacation house a priority?
- Are you into brand new or desire a fixer upper?



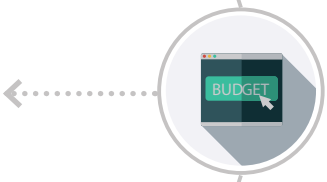
Do you plan to have kids? If so, then discuss:

- Have you talked about how many kids?
- Do you want to maintain dual incomes?
- If not dual, who will stay home?
- Who will pay for college and how?
- Is K-12 schooling public or private?



What type of budget should be used

- No budget at all
- A discretionary spending budget
- Completely detailed budget
- A budget focused on limiting transactions
- An envelope system type of budget



Placing priority on major financial activities

- Size and location of house
- Type of car from model to new or used
- Number of vacations per year
- Saving for the future
- Controlling amount of debt



DETERMINE FINANCIAL STRATEGIES FOR IMPORTANT LIFE EVENTS

Priority alignment quiz:

Circle which item from each column is more important to you if you can only choose one. After completing, discuss your answers with your significant other. This will help the two of you understand and develop priorities and discuss why you answered each differently.

NEW CAR	*or*	ANNUAL VACATION
BIG HOME	*or*	ANNUAL VACATION
ANNUAL VACATION	*or*	HOUSE FURNISHINGS
HOUSE FURNISHINGS	*or*	NEW CAR
BIG HOME	*or*	NEW CAR
RETIRE EARLY	*or*	BIG HOME
RETIRE EARLY	*or*	ANNUAL VACATION
EMERGENCY FUND	*or*	ANNUAL VACATION
EMERGENCY FUND	*or*	NEW CAR
EMERGENCY FUND	*or*	HOUSE FURNISHINGS





DEFINE ROLES, RESPONSIBILITIES, AND COMMUNICATION

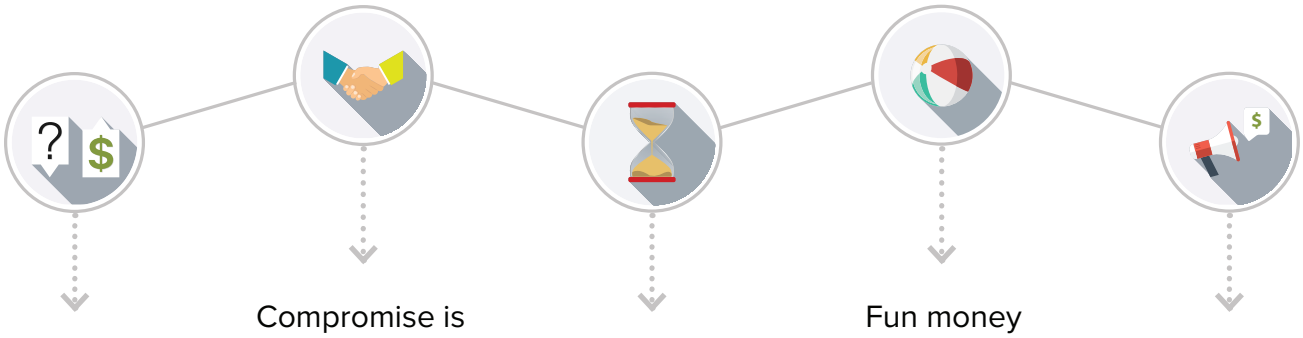
Successful relationships require communication and it is very important to have solid communication when it comes to your financial matters. It starts with defining roles and dividing up responsibilities. Rarely will relationships succeed if everyone is not an equal partner regardless of the amount of income provided. Next, it is important to use each other's strength so you combine for the best possible outcomes.

COACHING POINTS

- Always consider you are now a team and not an individual
- No one should have ultimate power in money decisions
- Compromise doesn't equal losing, and is in fact a team win
- Define tasks related to roles, but always keep the decision-making a joint task
- Plan to discuss money regularly for best success

DEFINE ROLES, RESPONSIBILITIES, AND COMMUNICATION

Keys for financial relationship harmony:



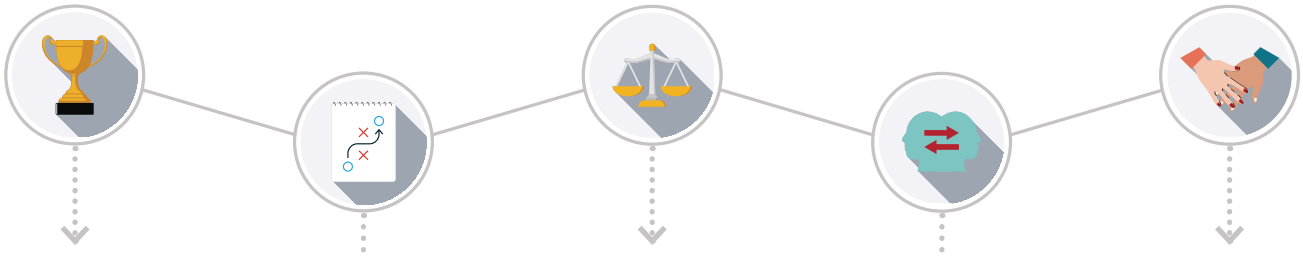
Money disagreements will happen

Compromise is essential to long term happiness

It takes time to hit your couple money stride

Fun money should be part of every couple's budget

Knowing when to talk about money is important



Opposites can be financially successful together

A budget is a guide, not the final decision

50/50 split of power regardless of income

50/50 split of responsibility so no one feels all the burden

Always thinking of "us" and not individually

DEFINE ROLES, RESPONSIBILITIES, AND COMMUNICATION

Who will do the following:

PAY RECURRING AND ONE TIME BILLS	TRACK PROGRESS ON GOALS	MANAGE THE MONTH TO MONTH BUDGET
LOOK FOR WAYS TO SAVE	HANDLE FINANCIAL ISSUES SUCH AS REFINANCING, INSURANCE	RESEARCH VACATION OPTIONS

MAKE THESE A PRIORITY

Regular money talks that are at least quarterly to cover:

- Short term goal status
- Decisions that are coming up
- Any problems that are surfacing

Annual discussion of goals and priorities

- Discussion about kids and timeline
- Housing situation and plans
- Where each stands on medium term goals

Ad hoc discussion when needed for

- Starting new financial relationships
- Handling any unexpected financial crisis
- What to do with unexpected windfalls of money

START BUILDING YOUR ESTATE PLAN INCLUDING INSURANCE

Another important task to complete when you add a significant other is a joint will as part of an overall estate plan. This helps each of you protect the other one in the event of a temporary or permanent loss of income and ensures you will have that income replaced, avoiding major financial setbacks.

COACHING POINTS

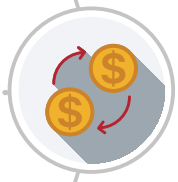
- An estate plan has many components that you will need to consider
- Your estate plan is designed to cover a variety of financial and family concerns
- If children are added to your family, your plan will need to change
- Finding a good estate planning attorney is important
- Financial protection should be one of your overriding goals for an estate plan

START BUILDING YOUR ESTATE PLAN INCLUDING INSURANCE

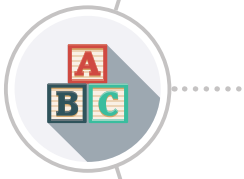
The concerns to address in your estate plan:



Protecting each other in the event of a catastrophic event



Maintaining an orderly transfer of assets when needed



Protecting your children's future



Making it easier for one of you to navigate important financial matters quickly



Ensuring that you and your significant others' wishes are followed



Minimizing legal expenses, tax exposure and preserving wealth for your heirs

START BUILDING YOUR ESTATE PLAN INCLUDING INSURANCE

Important steps in a complete Estate Plan:

1

Have a will prepared

- This will ensure that your last wishes are followed and if you have any possessions or wealth, it will be disbursed properly and with minimal hassle
- Wills can provide directions for the care of your children and establish how and when they receive their inheritance

2

Create an advanced medical directive

- This provides the instructions to your caregivers on what actions they should take if you are no longer able to makes decisions for yourself.
- A medical power of attorney is also helpful to have so that your significant other can help with decisions

3

Create cross power of attorney

- This allows one of you to handle all financial decisions in the event the other becomes incapable of handling any financial decisions
- During times of crisis having the ability to make financial moves could be very important

4

Update beneficiaries on everything

- It is common to forget to update beneficiaries on life insurance, 401k plans and other investments if your family situation changes years after first establishing these products
- Not having beneficiaries updated could mean that your life insurance or 401k funds go to an ex-spouse or your parents instead of your current spouse or children

START BUILDING YOUR ESTATE PLAN INCLUDING INSURANCE

5

If you have children

- It will be important to have guardians named to care for your children until they are at least 18 years of age
- Having a trust created for your children that will be handled by the guardian or an executor is important

6

Verify your insurance coverage is appropriate

- Insurance (life, health, auto, homeowners, disability or long term care) should regularly be reviewed for appropriate amount of coverage for your financial situation
- As your financial obligations increase it is important that you protect each other by having plans in place to provide financial assistance if needed

7

Have a complete inventory of your assets

- Investments, retirement savings, insurance policies, real estate, collectible items and sentimental items are all part of this inventory
- This helps your estate executor complete your wishes



DEVELOP A SHARED SHORT AND LONG TERM FINANCIAL PLAN

To ensure that you both are working towards the same goals it is critical that you develop a joint financial life plan. This plan will cover a wide range of topics from how often to vacation to working or not if children become part of your life and a host of other lifestyle decisions. Once you have developed the plan, regularly discuss and update it as your financial expectations and priorities change over your lifetime. Remember, compromise is the key to maintaining a strong relationship.

COACHING POINTS

- Working towards the same goal is important
- Plans will change over time so discussing regularly is critical
- Having a plan helps keep you both on the same page
- Tracking important numbers helps provide feedback on progress
- Goals and objectives help provide guidance to planning

DEVELOP A SHARED SHORT AND LONG TERM FINANCIAL PLAN



SHORT TERM PLANS

- How much car and house
- How to pay for vacations and major purchases
- What to do with windfalls of money
- How to handle loss of income
- Making an emergency fund goal

MEDIUM TERM PLANS

- How to pay off debt
- Saving for children's education
- Vacation home or not
- Type of college for children
- When to move to a bigger home

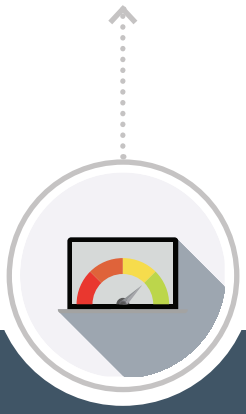
LONG TERM PLANS

- Saving for retirement goals
- When to retire and will it be different times
- Where will main retirement occur
- When to consider long term insurance
- Location for living in retirement

DEVELOP A SHARED SHORT AND LONG TERM FINANCIAL PLAN

Numbers to know:

Credit Score of 700 or better - a gauge of your general financial health



Impacts

- Loan rates
- Insurance rates
- Employment

Ways to Improve

- Utilize only 50% of credit
- Limit amount of credit
- Pay on time

Emergency fund capacity 6 months or more – the number of months you can cover expenses



Impacts

- Keeps unexpected from ruining finances
- Helps avoid pulling from retirement
- Backstop for life changes

Ways to Improve

- Only use for emergencies
- Save extra money in emergency fund
- Lower monthly expenses

Retirement savings rate of at least 10% – the amount of your salary being saved for retirement



Impacts

- Retirement dreams
- Retirement age
- Where you can live

Ways to Improve

- Increase 401k
- Lower discretionary expenses
- Save bonuses received to retirement fund

DEVELOP A SHARED SHORT AND LONG TERM FINANCIAL PLAN

Numbers to know:

Net worth (assets minus liabilities) above 0 – quick idea of your financial situation



Impacts

- Provides perspective on financial health
- Gives feedback on performance over time
- Is a long term goal that is easy to measure

Ways to Improve

- Smart choices with debt
- Buy appreciating assets
- Save as much as possible

Debt to income ratio of 40% or less – monthly debt payments divided by monthly gross income



Impacts

- Ability to obtain loans
- Higher debt to income increases ability to save
- Helps determine if additional debt should be added

Ways to Improve

- Pay off debt quickly
- Avoid adding expensive new debt
- Increase income

Total amount of credit card debt less than 10% of gross income



Impacts

- Higher credit card debt can lower your credit score
- Making minimum credit card payments increases overall interest paid
- Out of control credit card debt can lead to financial distress

Ways to Improve

- Begin an aggressive credit card payoff plan
- Use debit card to avoid adding new debt

Building a Better Financial Future

MONEY MOVES WHEN ADDING A SIGNIFICANT OTHER

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