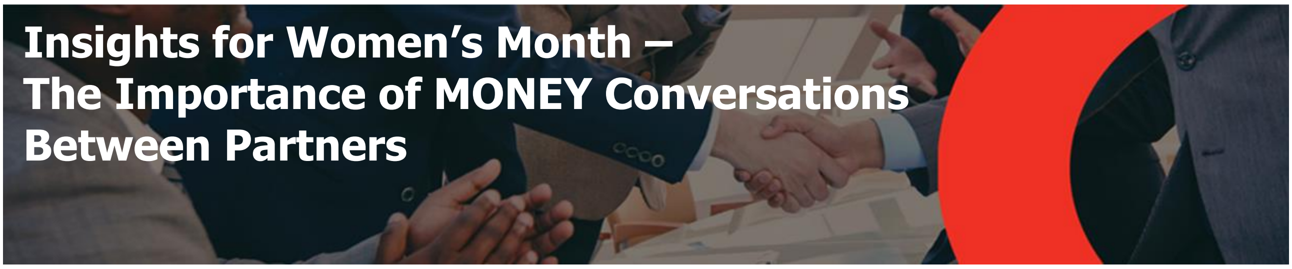


<u>Women's month</u>

<u>The Importance of MONEY Conversations Between Partners</u>

Why are the conversations about MONEY often treated as TABOO in relationships and how to change this?

Women's month is an opportunity for us, as women, to celebrate and equip one another in the different journeys we walk, to become successful in our lives, but also to feel fulfilled as a partner or a mother.

But why is it then that we in South Africa have one of the highest divorce rates in the world? The biggest reason for conflict in relationships and for divorces in South Africa is *communication*, *money*, *difference in money values*, followed by infidelity and other reasons. We believe it's then fair to say that money conversations are vital for a successful relationship.

The question is "How can we solve this problem?"

When a woman meets the right partner and falls in love, money conversations, and how we think and feel about money seems not to be an appropriate conversation topic. But the truth is the sooner we have these discussions the better for the survival of our relationship. When we are head over heels in love, the importance of having financial conversations is not at the top of our agenda for discussion. This is often overlooked in the excitement of being in love and preparing for the big day. However, a crucial part of preparing for the wedding is setting up our marital contract and aligning the needs of each partner. Without transparency, financial issues can lead to conflict, mistrust, and stress — ultimately jeopardizing the relationship and potentially resulting in the tragic end of something that seemed to have a lot of potential for success. Engaging in open discussions allows couples to build mutual understanding and avoid future conflict.

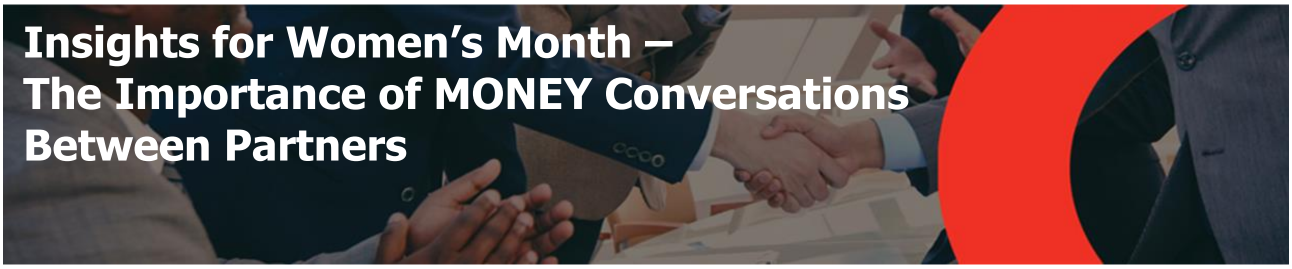
We live in a generation where women, more than ever, are becoming career driven. The dream of meeting the right partner to share our adventures with, has widened significantly— we're now envisioning the women we want to become, both for ourselves and in our careers. This shift allows us to start thinking of our ideal earnings, who we want to marry, where we want to live, the legacy we want to build and how we navigate being a career woman, a wife and mother.

In this article we want to focus on the important topics and provide tips on how to approach them meaningfully:

What topics are important to discuss with your partner?

1. **What is the role that money plays in your lives?**
   Discuss the role of money in your life and how you see it. Talk about the financial obligations you currently have by disclosing your income and expenses. This allows you to plan together on how the obligations will be managed and the expectations from each one when managing it. It is also important to be honest about your background and your exposure to how financial obligations was managed by your parents and your understanding of the role that money plays. This allows partners to understand each other's background and find a workable solution as a couple.

2. **How do we manage our own budgets currently?**
   We all have different personalities and budgeting styles. Some of us are impulse buyers, whereas others prefer to save for the right opportunity. As a couple, this can bring a lot of tension if not properly discussed. It is important to discuss how we budget, our financial goals, future savings, spending habits and our understanding of managing our finances monthly. This is important when aligning our budgets as a married couple.



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3. **Do we both have debt and how is it managed?**
   Debt is a crucial part of our lives and can impact many financial decisions. It is important to talk about the current debt you have in place, how you perceive debt and impact of current debt status on future debt. It is important to discuss the boundaries you want to put in place when tackling current and future debt together, as this will help to prevent bad debt habits that can have a significant impact on your livelihood.

4. **What are our long-term financial goals and how does it fit into our planning?**
   This is an important topic, where we need to be open with one another about our long-term goals. Some of us might already have children and/or extended family responsibilities or we are planning to have children and might need to take care of parents in the future. We need to talk about the future such as having children, savings for education, retirement, emergency funding, assisting parents and more. We might assume that our partner is taking care of his/her long-term planning, but it might be planned according to his/her needs and not the shared needs and plans of being a couple.

5. **What are the types of marital contracts that we need to think about, as well as the importance of our wishes in event of death?**
   When you start talking about marriage, it is important to start thinking about your marital contract and having a will set up. These two topics also share significant importance when your partner passes away, as the marital contract also determines how your estate is split. While being alive, a good marital contract also protects parties in event of a divorce or liquidation. We want to be protected when entering marriage, as it is important to know how your partner thinks about future financial obligations or goals. The right marital contract protects our assets and ensures that both benefit out of the contract. By having this conversation, you get an idea of how you both think about future financial obligations and the impact thereof on each other.

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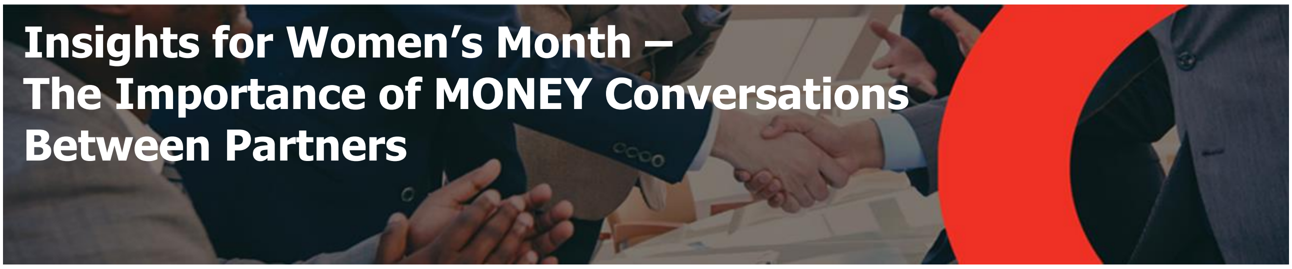
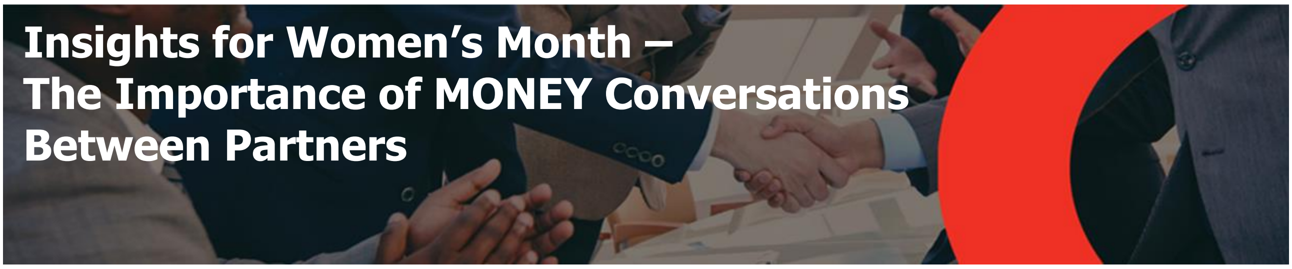


Guidelines on how we can start these important discussions with our partner

1. **Determine your values and implement shared boundaries:**
   It is important to discuss the family values regarding money issues whilst growing up. Understanding each other's family values can assist with your money values as a couple. Share with one another how you want to see finances as a family. Values are an important foundation to determine financial management and the important areas of managing finance. This allows you to keep each other accountable and sets the tone on how you want to raise your children, educating them on how you see finances in the household.

2. **Seek financial coaching/advice:**
   Financial advice offers the opportunity to make more informed financial decisions as a couple. It teaches us more about savings and what we need to prioritise over the short-, medium- and long-term. It allows us to integrate our planning and ensure that we build financial wellness over time and contributes to more positive spending habits. A good plan also empowers us to make better financial choices in our daily spending and budget planning. It takes away the anxiety that goes with financial planning and allows for a healthier relationship with money.

3. **Seek legal advice on the different marital options:**
   It is important to sit and talk about the different marital options, as this will differ for each couple. The marital option you choose should speak into your values and thinking around financial decisions. A legal expert is a good person to provide an objective opinion and will assist in setting up the contract that suits you best. During this conversation it is important to touch on the importance of a **Will**. Share with your partner what your wishes are in event of death and how you both are going to plan in taking care of one another. The Will and the contract should align well and ensure that your wishes and marriage is protected.



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4. **Begin by implementing small steps:**
   There is a saying that Rome is not built in one day and a financial plan is also not built in one day. When you have discussed the above topics, it is important not to jump to the end goal, while missing on the steps you need to implement. We might not be able to save thousands immediately, but we can start by implementing our goals on a smaller scale. Outline for yourself what is reachable in the beginning, how you want to settle debt, how you are going to align your budget and how you are going to save for the goals you have.

5. **Review your progress by compiling an "important topics" checklist and start to work through the list:**
   We can start with the WHO DOES WHAT list where the answer can be me, him or together. This checklist can include: who pays the bills and does the tax returns; who balances the budget; who decides when and where we go on holiday; who makes sure the will is updated; who looks after the investments and so the list can go on. You can also add some more relationship behaviour questions such as: Who apologizes for a bad temper; who compliment the other partner often; who cooks and who does the dishes… These conversations allow you to keep each other accountable and is a more light-hearted way to grow together in the important aspects of finance.

We cannot stress enough that **Having financial conversations before marriage is crucial to prevent misunderstandings, build trust and align your goals**. Money is a leading cause of stress in relationships, so discussing finances early helps laying a good foundation for a positive future. Finances are not just about numbers, it reflects values, priorities and life goals. Couples who address money issues early are better equipped to navigate challenges like debt, budgeting, and long-term planning. **For those brave enough to discuss money matters, it built STRONG, SMART and SECURE relationships that last.**

To start the conversation on your financial planning journey, reach out to your Verso Wealth financial planner today or contact us at info@verso-wealth.co.za to begin that journey.

Written by Paraplanner Andriëtte Toua CFP® and Gerda van der Linde, Managing Director of Verso Wealth