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Welcome! Over half of men and women report that they keep money secrets from their spouses or partners. Because of this, a relatively new term called financial infidelity has appeared in financial planning circles. Those secrets run from small to very, very big.

This month we're taking a look at how to avoid the financial infidelity pitfall – whether you're just starting out, have an ongoing relationship, or uncover one of those very, very big secrets. Read on to stay *On Course* for financial security. Please enjoy the rest of your summer!

-Jennifer Lane, CFP

## Financial Infidelity

**Use the suggestions below to keep an open and productive financial life together with your spouse or partner.**

### What to do at the beginning

Exchange credit reports! Yes, as odd as it may seem, it's a great way to begin regular conversations about money. [AnnualCreditReport.com](http://AnnualCreditReport.com) is the best place to get the reports.

- Full disclosure is important. And, credit today has a strong impact on what you can do financially as a couple.
- If both of you can be comfortable discussing the contents of the reports, that bodes well for the future. If not, then pay attention to what and why so that you'll stay on track as you continue in your relationship.
- Check for late payments and maxed out credit cards on the reports – it may be a result of trouble in the past or it may indicate your partner has trouble managing money. Something to discuss within the dynamics of the relationship.
- Discuss future financial goals at the same time to set the stage for a great money life.

### Problems along the way

All relationships have bumps – and this includes the financial aspects of a relationship. If you find yourselves in a situation where one of you has spending habits that are adversely affecting both your relationship and your bank accounts, you do have options.

- First, both of you meet with a financial planner who can act as a mediator. Financial planners are experienced in working with couples to help them see the bigger picture and to suggest ways to move toward good money resolutions.
- Be honest with yourselves about each person's money vices. It's unlikely that one partner is solely responsible for the problems.
- Begin to have monthly money meetings where you discuss the status of monthly expenses and income as well as your financial goals. Working toward the same objectives helps to iron out differences in style.
- If your partnership is in trouble due to money, consider seeing a therapist who is also a financial expert. Your financial planner or primary care physician can give you a referral.

### Severe financial problems

Certain situations are so serious that they probably should not be handled together. A spouse or partner not paying taxes for multiple years is a good example. If you suspect or uncover a secret you feel jeopardizes not only your financial well being but also the relationship, then:

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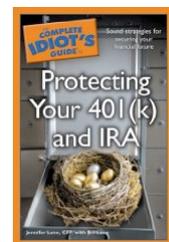
[Monthly Tip](#)



Jennifer's Hint

Should you be facing divorce and have a retirement account, look into a qualified domestic relations order (QUADRO). QUADROs let you transfer all or part of your account to your ex-spouse's account without penalty or tax liability.

### Get more tips in Jennifer's book



(click for link)

### Helpful Websites

[www.AnnualCreditReport.com](http://www.AnnualCreditReport.com)

[www.irs.gov](http://www.irs.gov)

[www.Vertex42.com](http://www.Vertex42.com)



- Review your taxes and bank statements to educate yourself on your finances.
- Hire your own CPA -- separate from your current one if you have one -- to go over your finances and tax statements.
- Investigate the "innocent spouse" rule -- your CPA can help with that. While monies owed come out of marital assets, an individual might gain some protection.

## Q&A

**Q:** My fiancé and I plan to marry next year. We both have debt from credit cards and loans. How should we handle that?

**- Joelle from Hopkinton**

**A:** Joelle, congratulations on your upcoming wedding! Great idea to begin talking and planning your financial future together well before the celebration. The first thing you both should do is sit down to look at your joint debt and put together a plan for paying it off. Be sure to be balanced in paying off the debt, i.e., focus on paying off the joint debt -- not just one partner's. Once good way to tackle it is snowballing:

- Use Google to search "debt stacker" or "debt snowball" to learn about this recommended way to pay off credit card and loan debt.
- With debt snowballing, you will pay off your smallest balance first -- the minimum payment plus whatever you can afford extra -- while paying the minimum balance on all your other debt. [Vertex42](#) offers free calculators that you can download.
- Once you have paid off your lowest amount, you'll take the amount you paid monthly and add it to the minimum amount you have been paying on the next lowest balance.
- The cumulative effect on your payments snowballs as you reduce your debt.

## What's New

- **The Pan Mass is here!** This weekend Jennifer will ride in the Pan-Mass Challenge. 100 percent of every rider-raised dollar goes to the Dana-Farber Cancer Institute. Her rider profile page is [here](#) if you would like to donate.
- **Jennifer's Compass.** Are you thinking about taking money out of your 401(k)? Jennifer recently discussed the basic rules for handling a 401(k) account. Check out her [blog](#) to see the video.
- **We now have a Facebook page.** Visit [www.facebook.com/AskJennifer](http://www.facebook.com/AskJennifer) and like us!
- **Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.**

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for achieving financial goals and dreams.

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