

Women & Our Relationships: Compelling Financial Considerations

BY LISA STROHM, FOUNDER & CEO, THE ATHENA NETWORK



As a financial advisor with a practice focused on empowering women, financially and beyond, I like to get my hands on as much information as possible around the topic of women and wealth, and use my findings to continually improve my practice. My business coach recently introduced me to a great book written by one of

her clients, Janice Goldman, entitled, "Let's Talk About Money: The Girlfriends' Guide to Protecting Her ASSETS". This book is different than many personal financial guides because it addresses some of the dynamics in our relationships that can impact us financially.

Oftentimes our love and sense of responsibility for our loved ones compels us to take actions or make decisions that are not in our own financial best interest. Compounding the problem is the social taboo around discussing money, especially in the context of these relationships. Most of us would agree that some of our most important relationships are those we have with our partner, children, and parents. With that in mind, I've selected typical but impactful situations around those relationships from Janice's book along with recommendations and advice from which you may benefit.

You & Your Partner. Since money is the number one cause of divorce, it's in your best interest to get "financially naked" with your partner as early as possible in the relationship, and before you get married. Many women don't do so, and regret it later. You need to make sure your future partner is creditworthy and financially stable before you commit to spending the rest of your life with him or her. In addition, strong relationships are built on financial compatibility, so make sure you and your partner have similar goals and values when it comes to money. This is one situation in which opposites should not attract.

HERE ARE SOME OTHER TIPS REGARDING YOUR PARTNER AND MONEY:

- **Pre-Nup.** While the prenuptial agreement gets a "bad rap" as a sign of lack of confidence in a relationship, it in fact allows a married couple to start their life together with a solid foundation. This offers a clear financial picture of both parties before marriage so there aren't any financial surprises once married.
- **Second Marriage.** If it's a second marriage for your partner, be sure to get a copy of their divorce decree and/or custody arrangements so you're aware of their financial responsibilities pertaining to the previous marriage.

You & Your Adult Children. While you may feel it's your duty as a parent to do so, continuing to financially support your adult children can delay or compromise the quality of your retirement. You don't want to risk having too little money for retirement. Your kids will likely have a lifetime of employment

ahead of them, but there's no financial aid in retirement. You should also remember that love is not money, and money is not love! Instead of giving your adult kids money, teach them how to be financially independent. For example, help them set up a budget, and encourage them to save from each paycheck, even if just a little bit at first.

THE FOLLOWING ARE A COUPLE OF ADDITIONAL CONSIDERATIONS REGARDING ADULT CHILDREN:

- **Moving Back Home.** If your adult child needs to move back home, consider having them sign an agreement clearly outlining your expectations around their financial contributions, length of stay, household responsibilities, and your house rules.
- **It's a Loan.** Consider any money requested by your adult child to be a loan. Draw up a loan agreement with interest rates comparable to what banks charge, complete with a repayment schedule and late fees.

You & Your Parents. Contrary to what many of us think or feel, it is not greedy to talk with your



parents about their estate plan! Initiating that conversation shows that you're responsible, and want to assure your parents' end of life wishes are followed. Planning ahead makes it easier for everyone. If you don't, you may find yourself scrambling to get your parents' affairs in order at a time when you're grieving.

Encourage your parents to have all of the basic but important estate planning documents in place—wills, durable powers of attorney for financial and health care decisions, and advanced medical directives (living wills). They should also ensure that the beneficiary designations on insurance and retirement accounts are up-to-date and reflect their current wishes. Make sure you have access to copies of all of these documents.

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Lisa Strohm is Founder and CEO of The Athena Network, a financial and life management firm providing financial planning and investment management for women, their spouses and extended families. The firm also researches and vets other professional services for clients. Lisa earned a B.S. from Bucknell University and an MBA from Cornell University. She is a CFP® certificant and has passed Level 1 of the CFA exam.

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Lisa Strohm, CFP®, is founder and CEO of The Athena Network. She has over 20 years of industry experience and earned a B.S. from Bucknell and an MBA from Cornell.



Contact us. 484.224.3439 / lisa.strohm@the-athena-network.com

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