

# Understanding Prenuptial Agreements

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A prenuptial agreement doesn't have to be the death toll for romance. If approached thoughtfully and with candor, it can actually lead to greater intimacy. Of course, prenuptial agreements aren't for every couple. But, given the current statistics for marital bliss—one in three first marriages end in divorce and 50 percent of all second and third marriages experience serious problems—prenuptial agreements can also be wise financial planning. Most marital discord occurs around money and finances. If both partners address these issues early in their relationship, they can build communication skills and gain a better understanding of each other that will help in later years.

The earlier a couple begins to discuss the idea of a prenuptial agreement, the better. Ideally, the conversation should occur even before the engagement. If it's important to you, it's even more important that your partner know. These discussions require absolute honesty with your partner about your finances and desires for the future. Through the process, you and your partner learn to understand each other's perceptions and attitudes regarding money, financial responsibility and your overall future together. The initial discussions should occur before either of you bring in third parties, like lawyers or financial advisors. However, in order for a prenup to be valid, it must be a signed, legal document that will hold up under court.

At its core, a prenup is an agreement between two people, with no wrongs or rights. After all, marriage is not only an emotional and physical union, but also a financial one. Prenups provide security and protection to both partners in the event of divorce and death, regardless of individual wealth. It's interesting to note that the total sum of someone's wealth doesn't necessarily correlate to his or her desire to protect it. Individuals can be more protective of a hard-earned \$50,000 than an even larger sum inherited or acquired with relative ease.

A prenup gives you and your partner control over your financial future—it can even go beyond the individual partners and include future heirs. You and your partner decide what happens to your money, as opposed to state law. Once you've opened the dialogue, a financial advisor can assist both of you. Your first meeting will most likely focus on attitudes and perceptions about finances, as well as hopes and dreams for the future.

Some issues to consider:

- Children or grandchildren from a previous marriage
- Dependent family members, such as parents or siblings
- Assets such as a home, stock or retirement funds
- Ownership (all or part) of a business
- Potential inheritance
- Large difference in individual wealth
- Providing financial support for one partner's college education
- One partner is pursuing a degree or license in a potentially lucrative profession like medicine

You'll both need to supply documentation to substantiate assets and debts. Once this stage is reached, your financial advisor can help select separate lawyers for each partner to ensure their individual interests are met and the contract is legally binding. Keep in mind that prenuptials are only designed to cover assets and property.

It really comes down to determining who will benefit from your money. Most couples never discuss such financial concerns in detail, which can lead to tension and misunderstandings later on in marriage. Weddings are a wonderfully romantic beginning, but only represent

one day of what everyone hopes will be a lifetime adventure. Prenuptial agreements can help solidify communication skills and build the foundation for a strong and rich marriage.

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