

INFOETHICS
ESSENTIALS

FOR PROFESSIONALS OF
ALL FIELDS OF PRACTICE

HELPING COUPLES MANAGE THEIR FINANCES

Ethical Obligations  Case types  And more



Chambre
de la sécurité
financière

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ONE COUPLE

TWO INTERRELATED CLIENTS

When two partners come in together for a consultation, some of your obligations take on particular importance because you are, in fact, dealing with two clients with different needs. During these consultations, it is important to find out about any economic arrangements that your clients have made and take them into account when evaluating their situation and providing advice to meet their needs. This document will help you identify the specific needs of each person, as well as opportunities to discuss the financial consequences of a separation or death.

This tool was developed in collaboration with professor H el ene Belleau (INRS) and Genevi eve Beauvais, Head of Quality and Compliance of Practices (CSF), as an additional resource to the webinar given by H. Belleau and G. Beauvais, entitled "L'amour et l'argent,  a peut faire bon m enage?" on September 29, 2022, for the Chambre de la s ecurit e financi ere.



ADVISOR OBLIGATIONS

Introduction

Meetings with couples bring some of your obligations to centre stage, and certain particular situations can raise questions about the appropriate way to carry out your professional activities. Your obligations remain the same and apply to both partners, even if they are in love and seem to share everything!

Know your client

First, you must consider spouses as two independent, but interrelated clients. When analyzing the couple's needs, it is important to evaluate the specific needs of each partner, while still considering their objectives as a couple. Be sure that you know both clients well, so as to be able to make recommendations adapted to their individual reality and that of the couple. You must create two investor profiles, because while spouses' investment objectives may be similar, the profile elements (personal and financial situation, investment knowledge, investment time horizon, risk tolerance), and the types of products in which they want to invest, are rarely identical. You need to take an interest in both clients and ask each of them questions to make recommendations that truly apply to the two partners. Knowing that after a separation many women also "break up" with the advisor they shared with their partner, you will be a lot more likely to keep both clients if you have fostered a relationship with each of them.

Some couples may have identified one spouse who will take responsibility for financial matters for the couple. This situation requires additional vigilance on your part, as someone who is uninterested in the matter will tend to offload responsibility onto their spouse, or even you. It is important to emphasize that it is their personal financial situation that is at issue, and that decisions will affect them directly. You cannot shoulder the responsibility for a spouse who doesn't seem to be interested. He or she must take as much of an interest as possible in his or her financial situation.

Some people are not comfortable talking about debts. They may be ashamed of their financial situation or lack the financial knowledge needed and either pretend to understand or depend on their partner's knowledge. If you adjust your vocabulary, explain things in layman's terms and make sure they understand what you say, you will increase your chances of getting them interested.

Duty to inform

When you meet with a couple, it is especially important for you to know how they manage their finances and what their marital status is. This will allow you to inform each partner properly, define their needs and offer the right advice. How they manage their finances, a separation, or a divorce could have serious financial consequences for one or both parties involved if they have not prepared for this in advance.

ADVISOR OBLIGATIONS

The legal difference between the types of marital statuses (married or common-law spouses) and matrimonial regimes (community of property, separation of property or partnership of acquests) is important to consider when doing financial planning for each partner. In the event of a separation or divorce, married couples must share certain things used by the family or accumulated during the marriage, according to their matrimonial regime. Common-law partners, also referred to as *de facto* spouses, only keep what belongs to them individually.

If you are able to inform the couple of the differences between marital statuses and matrimonial regimes, this will provide them with a better understanding of the consequences on each partner's financial situation in the long term and in the event of a separation or divorce, and could generate discussions between them. The goal being to achieve a balance in the interest of both parties.

Knowing that over a third of marriages end in divorce, but that the rate has been at 50% for quite some time, this information, although supplementary to your field of expertise, is part of the data you should consider when you analyze your clients' financial situation and determine their needs. This adds to your expertise and enhances your service offering.

In addition to the information you share with your clients, you can also direct them to websites that explain the rules simply in the event of a separation ([page 17](#)) or advise them to talk with a lawyer or notary.

Lastly, if you receive a request from one of the partners that concerns them both, you must provide information, explanations and share consequences with both clients, not just with the person who requested the information or contacted you. You must also ensure that both clients have understood your explanations.



If, prior to their separation, ex-partners owned a product that they both want to keep, this can complicate things and you need to plan for the fact that they may not be on speaking terms. In this situation, it is of the utmost importance to communicate any information related to this product to both parties involved. Recommending solutions that are better adapted to their new situation may be a good idea.

Updating client files

If a separation or divorce occurs in one of your client couples, be sure to get the new contact information for each client right away, as you may need to get in touch with them quickly. Both their files will have to be updated because their situation has changed: review their objectives, and redo the analysis of their financial needs and their respective investor profiles. It is also important to anticipate changes for certain products, such as the naming of beneficiaries on insurance contracts and products which the two ex-partners co-own.

1. Institut de la statistique du Québec. 2022. Mariages et divorces. statistique.quebec.ca. Available at <https://statistique.quebec.ca/fr/produit/publication/mariages-divorces-bilan-demographique-2022> (Consulted on 2023-01-26).

ADVISOR OBLIGATIONS

Protection of personal information

A survey² reveals that 27% of people put money aside without their spouse knowing. We can assume that they may not reveal this information to you because they worry that you will divulge it to their spouse, but this could falsify your analysis of their situation. Individual meetings are a way to develop a trust-based relationship and address sensitive topics.

Reiterating your obligation to your clients to keep their information confidential may encourage them to share all the required information so that you can make appropriate recommendations.

Conflict of interest

Protecting your clients' personal information is a requirement that allows you to serve two partners or ex-partners without creating a conflict of interest. If you ever needed to get information from one of the partners or ex-partners for your client's file, you would need to get the partner or ex-partner's voluntary and informed consent. It must be manifest, free and enlightened. The consent must also specify what information will be shared and with whom, how and why it will be shared, and what the consequences of that would be.

Aline and Raymond are an ex-couple and are both your clients. If Aline wants to know what revenue Raymond declared last year, you must ask for Raymond's consent to be able to share this information.

Keeping both partners or ex-partners as clients involves the following actions:

- Update the file of each client
- In the event of a separation or divorce, inform each client of the financial consequences on their own situation, in particular their RRSPs, pensions, portfolio, and the designation of beneficiaries on their insurance contracts
- Protect the confidential information of both clients, and do not share it with anyone, including the other partner or ex-partner, unless you obtain formal consent
- Direct your clients to another professional if you do not have the necessary expertise to respond to a specific question, for example regarding divorce or income tax
- Recognize your limits: if you don't think you can serve both clients professionally and individually (whether they are a couple or separated), you should be transparent, and explain the reasons why you are directing one of them—or both—to another professional

2. CROP survey conducted by the Chambre de la sécurité financière portraying the financial habits of Quebec couples (summer 2022).

ADVISOR OBLIGATIONS

Conclusion

By taking an interest in both clients, and by analyzing their situation individually, you will gain information that will allow you to:

- Raise your clients' awareness
- Identify harmful impacts caused by the way they manage their finances and, if applicable, help them remedy the situation
- Raise questions they may not have thought about
- Adapt your recommendations

In summary, the final objective of these requirements and best practices is for you to act in the interests of both partners to enhance their financial health.





**DISCUSSION
GUIDE**
— AND —
**POINTS
OF CAUTION**

DISCUSSION GUIDE AND POINTS OF CAUTION

How to use this tool

Ask the questions on page 10 in the suggested order. Depending on your clients' answers, follow the diagram on page 11 to know which points of caution should be addressed. Feel free to add sub-questions if needed. This tool is in addition to the portrait of your clients that you usually create.

The tool covers four key topics:

Marital status: Quebec is a world leader in common-law couples, but it is also undoubtedly a leader in the misunderstanding of the rights and obligations that come with “shacking up” instead of marrying. You can use these questions to bring up the consequences of a separation or death, as needed, and direct your clients to free resources that explain the legal rules ([page 17](#)).

Home economics: Time is money! Unequal sharing of domestic or childrearing tasks means that the cost of family life weighs more heavily on one of the spouses, usually the woman. This imbalance will be felt in the long run or if the couple splits up. While meetings with both partners will provide a good indication of the financial dynamics at play, planning one or two individual meetings can help increase the involvement of a person who seems less interested. You can develop a trust-based relationship and encourage client retention, while allowing each of the spouses to ask sensitive questions.

Daily money management: Don't infer from bank accounts; they are very bad indicators of money management. Instead, try to figure out the logic the spouses follow, whether they share expenses or pool income. There isn't one best way to act, but daily money management doesn't always match long-term saving habits, and sometimes couples don't realize this.

Long-term management: How does each partner see things?

Seven case types require more vigilance on your part to ensure the interests of each party is really considered. Examples for each of these cases (numbered **1** to **7**) and the related points of caution to watch out for are presented on [page 12](#).

DISCUSSION GUIDE AND POINTS OF CAUTION

Questions to ask

MARITAL STATUS

Find out what your clients' current and past marital statuses are.

- Are you married or common-law partners?
- Were you previously married? If so, were you legally divorced?
- Do you have dependent children born from a previous relationship?
- Do you have a cohabitation agreement?

FINANCIAL ARRANGEMENTS

These questions are related to the diagram on the following page. By following the diagram according to your clients' answers, you will identify which points of caution should be addressed.

1. Household economics: Tell me about your family situation...

Unpaid tasks are often difficult to quantify. You may need to ask different questions to determine how everything is shared.

- Do you share unpaid tasks 50/50 or does one person do more?
- Do you have children? Are they minors? With special needs? Do you take care of other dependents, such as aging parents?
- Who is the main caregiver for these people on a day-to-day basis?

2. Daily money management: How does it usually work?

- Do you combine all your income?
- Do you share expenses 50/50 or proportionately to your respective incomes?

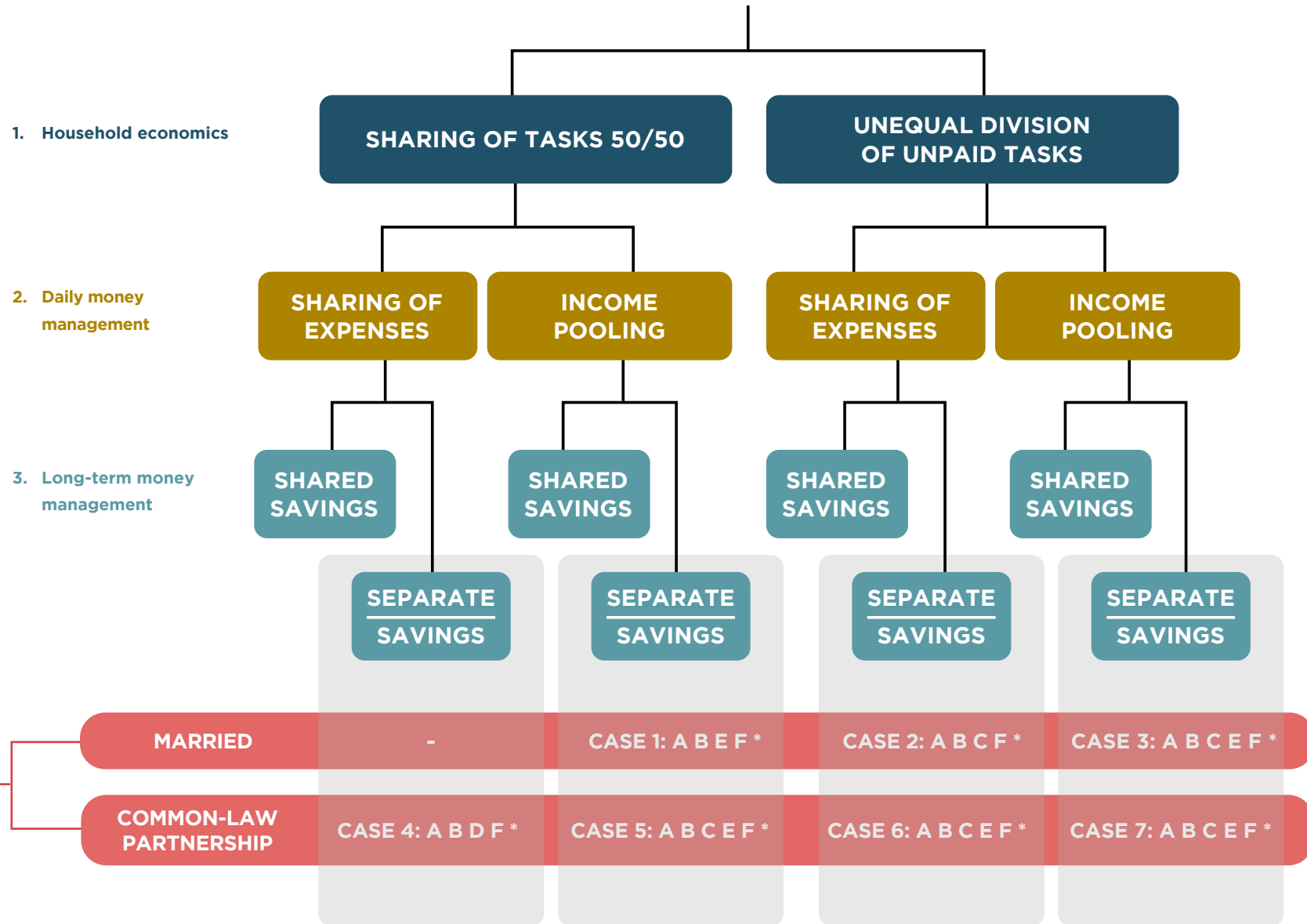
3. Long-term money management: How do you manage savings?

- Together, with equal savings?
- Separately?

Points of caution

- A.** Explain to both partners the differences between marital status types, the consequences if they separate and share references, as needed ([page 17](#)):
 - Married couple: In the event of a divorce, the value of certain items acquired during the marriage, as well as retirement plans, will be shared according to the [matrimonial regime](#) and family patrimony rules of partition. These rules will help determine the financial impact of the separation on each partner (e.g. if the family home belonged to one of the partners prior to the marriage). Advise your clients to speak with a lawyer or notary for more information.
 - Common-law spouses: Despite the fact that income tax law often considers common-law spouses the same as a married couple, the Civil Code is what applies in case of a separation, and this law does differentiate between the two types of union. Each common law partner keeps their own belongings after a separation. It is a good idea to inform your clients of the consequences of a separation and the alternatives to a common-law partnership—civil marriage or a cohabitation agreement—and discuss organizing their finances accordingly.
- B.** Find out if your clients have a will or protection mandate. Inform them of the consequences of dying without a will (e.g. the impact on the common-law partner's inheritance. Share references, if needed ([page 17](#)).
- C.** Explain the impact of unpaid work or parental leave on the ability to save money of the person who takes on a greater proportion of these responsibilities. Propose strategies that suit both partners.
- D.** If the difference in income is significant and the spouses separate their expenses proportionately, explain that the person with a lower income could become impoverished by living above their means.
- E.** Be sure that both spouses agree to manage their day-to-day finances differently from the way they manage long-term savings.
- F.** Suggest an individual meeting for each spouse, if appropriate ([page 16](#)).

MARRIED OR COMMON-LAW PARTNERSHIP?



*The letters refer to the points of caution detailed on the previous page. You will find examples of each case type, from 1 to 7, on the next few pages.

Seven cases that require increased vigilance

Case 1

Louise and Jean-Pierre, 42/48 years old

- Married for 18 years, marriage contract with separation of property, no children
- Louise earns less than Jean-Pierre, who owns a business
- Louise has a good pension plan, Jean-Pierre has none
- Jean-Pierre put his savings into his business and has lost a great deal of money in various projects over the years
- They have always shared household chores equally
- They manage their daily expenses together, but savings are managed separately

Refer to the points of caution
A B E F

Case 2

Eloise and Julian, 34/36 years old

- Married for one year, according to the regime of partnership of acquests, together for six years, two children
- Julian is the sole owner of the family home, purchased before he met Eloise
- Eloise earned a good salary but has worked part-time since the children were born (twins, with health problems). Julian has just accepted a promotion which will require some travel
- They share daily expenses 50-50, but Julian regularly compensates because “the family benefits that Eloise receives are not enough to pay for everything”
- They manage savings separately, but came to the meeting together because they want to open an RESP

Refer to the points of caution
A B C F

Seven cases that require increased vigilance

Case 3

Jeanne and Sophie, 62/55 years old

- Married for 6 years, no children
- Sophie looks after her elderly mother-in-law (Jeanne's mother), who is experiencing cognitive decline
- Both partners are self-employed, but Jeanne's career has been more lucrative than Sophie's
- They share daily expenses
- They manage their savings separately. Sophie hasn't saved much and her last work years are likely to be reduced due to the increased time she spends caring for Jeanne's mother

Refer to the points of caution
A B C E F

Case 4

Alex and Beatrice, 35/36 years old

- Unmarried, together for eight years, no children
- Alex was previously married; he has been separated from his ex for many years, but they are not divorced
- Alex and Beatrice have co-owned a house for two years
- They divide chores 50-50 and share daily expenses proportionately to their respective income
- Beatrice, who is a doctor, earns four times more than Alex. She accepted a position in a small town and Alex followed her, but he never found a job that paid as well as his employment in Montreal
- They manage their savings separately

Refer to the points of caution
A B D F

Seven cases that require increased vigilance

Case 5

Nicolas and Delphine, 51/38 years old

- Unmarried, together for 12 years, four children
- The house belongs to Nicolas, who also has a child from a previous relationship
- They share household and childrearing tasks equally
- They say they share everything and Delphine contributes to mortgage payments on the house, but their savings are managed separately
- Nicolas earns more than twice as much as Delphine and has a good pension plan with his employer. Delphine works on contract and has no pension fund

Refer to the points of caution
A B C E F

Case 6

Robert and Jo-Ann, 63/59 years old

- Unmarried, together for 33 years, two grown children
- Jo-Ann does more than 60% of household tasks and did most of the childrearing
- They divide daily expenses 50-50. Jo-Ann works three days per week, as the couple feels they can afford it. Robert compensates financially by paying for vacations, some major purchases and unexpected expenses
- They manage their savings separately; Jo-Ann has five times less savings than Robert

Refer to the points of caution
A B C E F

Seven cases that require increased vigilance

Case 7

Martin and Emma, 32/31 years old

- Unmarried, together for six years, one child (and a second on the way)
- They own a house, purchased together
- They earned about the same salary until the birth of their first child. Emma reduced her schedule to three days a week after her maternity leave and does more of the unpaid household chores. Martin works more to compensate for the reduction in Emma's income
- They say they pool everything without keeping track, but Emma takes care of daily expenses (groceries, children's clothes, etc.) and Martin covers the big accounts and purchases
- Martin would like them to manage long-term savings separately because they don't have the same risk tolerance

Refer to the points of caution
A B C E F

The long-term impact of a temporary drop in income

A decrease in savings due to a temporary drop in income, such as during maternity leave, can have a serious impact on retirement income.

For example, despite the Quebec Parental Insurance Plan (QPIP) partially replacing her usual income, a mother may be tempted to reduce her savings during her maternity leave because she is temporarily earning less money. However, few couples realize that reducing her savings by say \$5,000 during this period could lead to her losing out on \$38,430¹—seven times the initial amount—when she retires. In addition, since QPIP benefits are not considered “earned income”, her RRSP contribution room is also reduced.² Using a specific example can help you discuss the topic of unpaid work or parental leave with your clients and contribute to finding strategies that work for both partners.

¹ Future value calculation of \$5,000 invested over 35 years with a 6% yield.

² <http://www.orfg.inrs.ca/conge-parental-et-epargne-retraite-ne-font-pas-bon-menage/> (in French)

Suggesting individual meetings to clients in a committed relationship

Couples often attend meetings together, even though they manage their long-term finances separately. Due to the fact they are in a relationship, it may be very difficult to discuss certain topics. For example, one person may be afraid to talk about the consequences of a break-up for fear of raising doubts or undermining their partner's trust. If one person's income is much lower than their partner's, they may think their opinion is not important. Some may be afraid to look like they are interested in the other person's assets, since love is supposed to be based on altruism and selflessness³.

The positive arguments listed here may help you invite each spouse to an individual meeting. Individual meetings will allow you to create a strong connection with each of your clients and, more importantly, they will allow you to emphasize their individual interests rather than that of the couple as a whole.

Arguments and talking points to suggest individual meetings

- The possibility of a separation is a good argument but can obviously cause discomfort. Humor can help lighten the mood: "Even if you're not headed for a divorce, in your planning I want to calculate as if. It helps me advise you better, and that way you'll avoid fighting about money."
- "You are a couple, but for me you are also two clients—interrelated but with needs that may differ."
- "You don't necessarily have the same life expectancy or the same income: it is important to take these factors into account when planning your finances."
- "Objectives for retirement are often different, even if you plan to retire together. I would like to discuss this in detail with each of you." (For example, think of the difference between yield objectives and transmittal to heirs.)
- "I want to get to know you individually in order to better respond to your needs and create a personal relationship with each of you."

3. In French: *L'amour et l'argent. Guide de survie en 60 questions.* (Love and Money. A 60-Question Survival Guide.) By H. Belleau and D. Lobet (2017), Éditions du Remue-ménage, Québec.

REFERENCE LIST

For clients in a committed relationship

These references can help your clients understand the differences between a marriage and a common-law partnership, whether in the event of a separation or death. They provide essential information, explained in layman's terms, and are approved by legal professionals.

You can send them the entire list or select references depending on their profile (married or not, with or without a will, etc.). You could even print out some documents to give them each a copy in person.

([download](#) the printable version)

Breaking up: the differences between married or common-law partners

[Common-law couples](#) | [Éducaloi \(educaloi.qc.ca\)](#)

In French: Documentary *Amour et argent peuvent faire bon ménage: Chapitre 3 - Conséquences d'une rupture selon le type d'union*. Funded by the AMF: amour-et-argent.ca/documentaire

Agreement between common-law partners: what is it, why and how to do it

[Contracts between common-law partners](#) | [Éducaloi \(educaloi.qc.ca\)](#)

QPIP Benefit Calculation Simulator

[Calculating QPIP benefits](#) | [QPIP \(rqap.gouv.qc.ca\)](http://QPIP.rqap.gouv.qc.ca)



Family property (patrimony)

[Dividing the family patrimony](#) | [Éducaloi \(educaloi.qc.ca\)](http://Éducaloi (educaloi.qc.ca))

Death of a spouse (married or common-law)

- [Dying without a will](#) | [Éducaloi \(educaloi.qc.ca\)](http://Éducaloi (educaloi.qc.ca))
- In French: [Common-law unions, who inherits?](#) | [Châtelaine \(fr.chatelaine.com\)](http://Châtelaine (fr.chatelaine.com))
- [Diagram: If there is no will, who inherits?](#) | [Éducaloi \(educaloi.qc.ca\)](http://Éducaloi (educaloi.qc.ca))

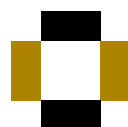
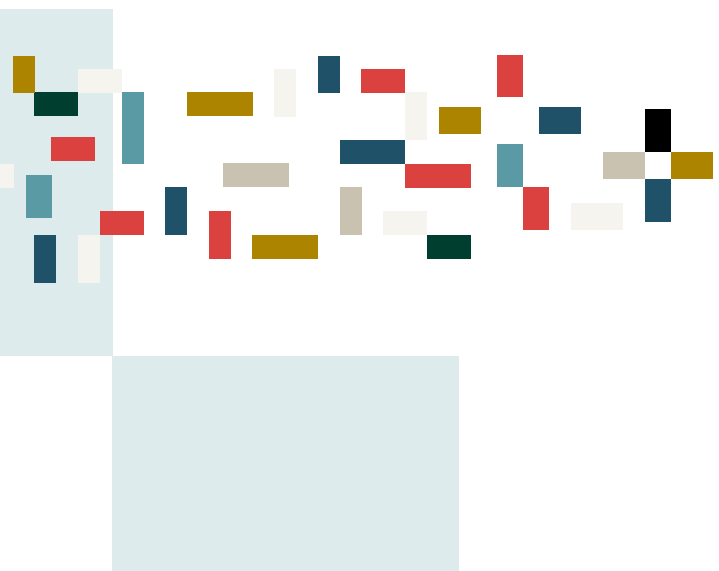
Mandate in case of incapacity

- [Protection mandate](#) | [Éducaloi \(educaloi.qc.ca\)](http://Éducaloi (educaloi.qc.ca))
- [Advance medical directives](#) | [Éducaloi \(educaloi.qc.ca\)](http://Éducaloi (educaloi.qc.ca))

General

In French: *L'amour et l'argent. Guide de survie en 60 questions. (Love and Money. A 60-Question Survival Guide.)* By H. Belleau and D. Lobet (2017), Éditions du Remue-ménage, Québec.

Available in bookstores or [to be borrowed in paper or electronically via BANQ.](#)



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