

## The Expat Spouse as Household CFO: Working Together to Set Goals

This is the second installment in "The Expat Spouse as Household CFO" series introduced last month. To read the first installment in this series, see the June/July newsletter or contact Creveling & Creveling, [www.crevelingandcreveling.com](http://www.crevelingandcreveling.com) for a copy.

Peggy Creveling



AS an accompanying expat spouse, you've read the first installment in this series and you and your working partner have agreed that in order to most effectively manage your family finances, you'll take on the role of Household Chief Financial Officer (CFO). With perhaps more time available than your working spouse, you can take the lead in setting up and managing the family finances. Remember that ultimately it's vital that financial decisions are made together, so if you take on this role constructively and in the spirit of partnership, your working spouse will likely welcome the help. This article deals with the first crucial step: setting goals.

### The importance of setting goals together

It goes without saying that if you show up at the airport with no ticket and no idea of where you want to go, you're never going to get there. Yet that is exactly what many expat couples are effectively doing with their finances—by failing to plan, they're inevitably planning to fail. Therefore, one of the most important first steps in getting control of your finances is to draw up an initial financial plan. This includes a financial starting point, a set of long-term financial goals that you both would like to achieve, and short-term "stepping stones" to help you along the way. As the new Household CFO, this installment will help you and your spouse to avoid going nowhere financially by helping you outline where you are today as well as clearly defining where you want to go and how you plan to get there.

### What's your starting point?

For many of us living overseas, knowing the current status of our finances may be easier said than done. Accounts are often strewn about the world in different currencies, and many overseas financial institutions don't issue regular statements. Yet it's vitally important that both you and your spouse have a solid grasp of your assets, your liabilities, how much income you have, and how much you're spending. These are the basic financial details that any successful company must have, and this information is similarly essential in order for your household to make good financial decisions.

Now is the time to get out all your financial information together: savings, investments, pensions, credit cards, loans, insurance. You can do this together if your partner has time, or you can gather everything on your own for discussion later. Dig out statements for every account you may have, including those stray accounts that you may have left open in a country where you used to live. If you don't have current records, make a note to get hold of up-to-date statements for each account. Once you have all your records together, choose a base currency that you normally think in as your reference currency, and translate each statement into that currency using current exchange rates. Then you're really talking about your life dreams. If it helps, make it a working date at your favorite coffee shop or bar. Prioritize what's most important to each of you and come up with goals that you both can agree on. As you begin to solidify your goals, write them down, and plan to review and update them periodically. Over time, your priorities may change, or the goals themselves may change. But you'll only have a chance of getting to your destination if you agree on where you want to go now and begin organizing your finances so that you can get there.

- Expense statement: Total all expenses, including basic living expenses, children's education, travel, and discretionary spending such as dining out and gifts. If you aren't sure on some items, look for clues on credit card statements, checking accounts, and cash withdrawn from bank accounts.
- Net income: The difference between your household income and expenses is your net income. You can calculate this on a monthly basis and sum it up to get your net income for a year. If you're not yet retired, then hopefully this is a positive number!

This exercise may take several hours or perhaps part of a week end to complete, but it's extremely important to do if you're going to help get control of your expat household finances. The result of your efforts will be satisfying—not only will your household finances be more organized, but you'll also have something few expat households manage to achieve: an accurate snapshot of your current household financial position. You and your spouse can make a date to go through the details together to be sure you both understand where you currently stand in terms of net worth and your ability to save.

### Where do you want to end up?

This next step is much more fun than the previous one. As a reward for the hard work, now you're in a position to discuss and outline your long-term financial goals. This is where the two of you work out where you want that airplane ticket to take you, financially speaking. You and your spouse will want to discuss and agree on these goals together, but you can also do the preliminary work by coming up with some initial ideas. Financial goals should be specific, and answer questions like who, what, when, and where. Here are some examples of what long-term financial goals might look like:

- By age 60, Jack wants to retire with Diane in a tropical location and enjoy a lifestyle with living and travel expenses similar to what they pay now.
- Diane wants to purchase and live in a two-bedroom condo near the beach in Phuket.
- Jack and Diane want to send their two kids to four years of private university in Boston.
- Jack wants to buy a sailboat in the next five years.

At this stage, don't be too concerned about whether all of your goals are achievable. Just get some ideas down on paper, and then set aside some time when you and your working spouse can discuss your ideas together.

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## Expat Spouse continued

Draw up short-term goals to act as stepping stones

Once the two of you have agreed on where you're heading, the next step is to draw up some short-term goals that act as a pathway or stepping stones to help get you there.

One short-term goal needs to be to maintain an emergency cash reserve. Depending on your specific family situation, your cash reserves should cover at a minimum several months of living expenses or possibly more. Besides an emergency reserve, other examples of short-term goals for Jack and Diane could be:

- Set a monthly savings target of X amount to fund your retirement goal and invest it in an appropriate, low-cost diversified portfolio in an appropriate tax jurisdiction for your situation.
- Track current living expense spending using a spreadsheet or a multi-currency program like Quicken to get a clear idea of how much is being spent and to look for possible areas of additional savings.
- Budget and plan expenses for your next vacation and agree to try to stick to the budget as much as possible.
- Research how much a two-bedroom condo costs in Phuket today, and make some assumptions about how much it might cost when you retire.
- Plan a longer vacation in Phuket to see how much you really like it there.
- Research how much the private university college costs today and what it might cost when the kids are ready to attend. Look into college scholarships for which they might qualify.

Keep going on your path to financial success

If you and your spouse have gotten this far in your planning, you're doing great in your new role as Expat Household CFO. Together, you and your spouse will need to review progress periodically. Going forward, it may require some discipline on your part to help your household track and achieve its nearer-term goals, but this is where your role as the Expat Household CFO can really prove to be invaluable. If you're willing and have the time and interest, you as the accompanying spouse can really make a difference in your household's overall ability to achieve financial security.

### About Creveling & Creveling


*Creveling & Creveling is a private wealth advisory firm specializing in helping expatriates living in Thailand and throughout Southeast Asia build and preserve their wealth. Through a unique, integrated consulting approach, Creveling & Creveling is dedicated to helping clients cut through the financial intricacies of expat life, make better decisions with their money, and take the steps necessary to provide a more secure future. For more information visit [www.crevelingandcreveling.com](http://www.crevelingandcreveling.com)*

## THAI HOLIDAYS

Friday, August 12, 2011

Her Majesty, the Queen's Birthday (Wan Chaloem Phra Chonmaphansa Somdet Phranang Chao Phra Boromma Rachininat).

Commemorates the birthday of Queen Sirikit born in 1932; also observed as National Mother's Day (Wan Mae Haeng Chat).



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## Community Events and Information

PLOENCHIT FAIR

SATURDAY, NOVEMBER 26, 2011

Ploenchit Fair is a family fun day based on an English Fairground and has been held annually for 54 years. It is one of the biggest events of the social calendar and most British companies and many others join us in creating a unique atmosphere for all while raising funds to help the less fortunate in Thailand. Last year nearly 14,000 visitors from the international and Thai communities attended the Fair and some 5 million baht was raised for distribution in 2011. This money is used for over 25 charitable projects throughout Thailand. Projects have included agricultural schemes, sanitation and irrigation schemes, education and medical materials, fish and silk work raising projects as well as assistance with HIV and AID's awareness programs. Further details can be seen on the website [www.ploenchitfair.com](http://www.ploenchitfair.com) or [www.bctfn.com](http://www.bctfn.com)

If you have any queries please do not hesitate to contact us.

Carolyn Tarrant MBE President  
British Community in Thailand Foundation for the Needy  
591/17 Sukhumvit Road (Soi Villa)  
Bangkok 10110, Thailand  
Tel. 02 204 1587; Fax. 02 204 1589  
[bctfn@loxinfo.co.th](mailto:bctfn@loxinfo.co.th); [www.bctfn.com](http://www.bctfn.com)

