



# Money Matters

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## \$\$ Happy Marriage or Wedding Bliss \$\$

So you're getting married! Best wishes and here's hoping that money never comes between you! I mention this because the number one cause of divorce is disagreement about finances.

Fortunately, there is a solution: a strong financial plan. Putting together a strong financial plan, though, means that you talk money, and "money talk" is often more intimate than pillow talk. The best way to deal with this difficulty is to sit down with your fiancé NOW and start discussing money as one of your wedding planner "to dos". Getting money issues out in the open and coming to an understanding before marriage will eliminate unforeseen problems and modify bad habits. In short, it can greatly increase your chances of staying out of divorce court.

Here are 11 great tips for getting that conversation started:

**Decide on Separate or Combined Accounts:** Come to a decision about whether you will keep separate bank accounts and divvy up the bills that each of you will pay or put all your money in a joint account. Another option is to open a joint account that you each contribute to for household expenses but also maintain separate personal accounts, which gives each of you some spending freedom.

**Prepare for Taxes:** You may want to adjust withholding on your tax estimate so that your withholdings reflect that you are now married. Also, be sure to investigate different strategies for reducing your overall tax bill as a couple (e.g. are both of you maxing out your 401K? etc.).

**Determine Who's a Natural Spender and Who's a Natural Saver:** Some of us are natural spenders, and some are natural savers. Understanding each other's attitude toward spending, saving and investing can help avert problems later.

**Compute Your Net Worth:** It's important to know where you stand financially as a couple. Use bank statements, investment statements, credit card statements and other documents to list your combined assets and your combined debts to obtain a "snapshot" of your financial situation. Also, make sure you understand your combined resources and your combined cashflows and how best to use them to maximize your wealth.

**Establish Financial Goals:** This is an area where a Certified Financial Planner™ (CFP™) can really help you. What are your goals? Do you want to live debt-free? Do you want to retire at 65? Is educating your children a priority? A CFP™ can help you hone your goals and then put a plan in place so that you can make those dreams come true. Statistics show that those individuals using a financial planner not only feel better prepared for their future but have a more realistic sense of how much they need to save for their different financial goals.

**Determine the Budget:** Calculate your combined income and subtract your combined monthly expenses and debt repayments. Hopefully you'll have something left over to build an emergency fund and add to your savings. Again,

this is an area where a CFP™ can help. Your financial planner can assist you to budget wisely and will consequently help you FIND that leftover cash flow that you need to invest for optimal retirement.

**Review Insurance Coverage:** Review everything you want to insure against. This could include your health, your income (i.e. disability), your house, your personal effects, your potential need for long-term care and your inevitable death (i.e. life insurance).

**Change Beneficiaries:** Go through all of your investment accounts, savings accounts, 401(k) plans, IRAs, insurance policies (life, health, auto, homeowners) and other accounts and review and update your beneficiary designations if you want your new spouse to own these assets should something happen to you.

**Make or Update Your Will:** Death is never fun to talk about. However, when you decide together how you're going to distribute your estate, give gifts or deal with terminal illness, you really strengthen your relationship because you are being respectful of one another's needs. In short, a difficult subject becomes a healthy addition to your relationship.

**Think about a Prenuptial Agreement:** We often associate pre-nuptial agreements with the rich and famous, but sometimes they do make sense for the average American. For example, if one of you expects an inheritance, has a trust fund, or owns a business, it makes sense to spell out how those things will be handled during the marriage and in the event of a divorce. Such agreements can also protect first families if you've been married before and want to ensure that children of a first marriage will not lose their inheritance due to a second marriage.

**Identify All Individuals Who Make Up the "Marriage Team":** Who will provide the necessary support during your marriage: a lawyer, an insurance agent, a Certified Financial Planner, an executor, etc. Any number (or all) of these individuals make up your marriage team and will provide you with ongoing advice throughout your life.

Managing your money together is an efficient and profitable way to finding marital bliss. Here's to a happy, long and fruitful life together!!