

FINANCIAL PLANNING FOR NEWLYWEDS

By Maureen Hart

Financial planning is the last thing a starry-eyed young couple wants to think about, unless it has to do with the price of the wedding itself.

But experts insist that discussions about finances are essential for a good start in a new marriage.

DO WE COMBINE ACCOUNTS?

One of the first decisions a young couple faces is whether to combine their financial accounts after the marriage. One way to begin the decision-making process is to make a list of each person's assets, including saving and checking accounts, certificates of deposits and property, and liabilities such as student loans, bills, debts, and credit card accounts.

A decision will have to be made on whether to combine individual bank accounts into a joint account. Some couples compromise and have three accounts—one for each of them, plus a joint account. A financial expert at your local bank can help you make these decisions. To change accounts, you will need to have identification and your old account information.

Before going any further, keep in mind that, starry-eyed as you are, these initial financial discussions may lead to other questions. If your intended does not want to fully disclose assets and liabilities, this is a red flag. Make certain you each know how much the other owes on credit card bills or student loans. Once you walk down the aisle, these debts can impact on your life.

WRITE A DETAILED BUDGET

The next step should be a detailed budget. Write down all of your expenses—rent or mortgage, utilities, taxes, groceries, clothing, car payments and insurance, gasoline, health insurance, and bill payments. Are you going to pay these expenses out of a joint account into which you both deposit your paychecks? Are you going to keep separate accounts and divide the expenses? Be certain you know exactly how you are going to go about paying each item in the budget so that you don't return from the honeymoon fighting about the rent.

MAKE TRANSITION TO "OUR" MONEY

Keep in mind that couples who are out of school and already working may have a difficult time giving up "control" of "their" money. There has to be a transition to "our" money, with ongoing discussions of how this money will be disbursed. Some couples will be composed of a "spender" and a "saver," which can balance well or lead to arguments when the spender wants to buy a new

flat screen television and the saver wants to put the money toward a future mortgage. Even more difficult is a “spender” marrying another “spender,” which means both have to make an effort to do what is best for the joint budget.

Regardless of how you set up accounts, each person should have some money of their own, to splurge on personal preferences or to buy the other a special gift.

Remember, too, in all of the financial planning, that the bride, if she is taking the name of the groom, has other tasks to fulfill as well: Changing her name on her driver’s license, Social Security Card, passport, credit card accounts, health insurance, and with her employer.

START WITH YOUR WEDDING

Finally, some couples will come to their financial decisions even before the wedding if they are paying for the big event themselves. This requires the same kind of discussions mentioned above—how much can we afford to spend and where will we spend it?

If the budget is tight, try not to go over it only to begin married life in debt and in despair. Keep in mind that a wedding does not have to be a huge blow-out extravaganza. A perfectly lovely affair can be a brunch or a luncheon, at half the cost per plate as an evening meal. Music can be a string quartet instead of a big band or deejay.

Keep the guest list small, including close family and friends. You don’t need to invite your father’s boss and your second cousins. Or, make the honeymoon your destination wedding. Find an all-inclusive resort and pay for your attendants and parents to attend. It may still come out to less than a sit-down dinner for hundreds back home, and much less stressful on your nerves and budget.