

Spending and Saving Happily Ever After Seven Steps to Ensure a Financial Fairytale

So much to do, so little time.

Most engaged or newly married couples barely have a chance to savor each other's company let alone map out their financial future. There are gowns to buy, cakes to taste and invitations to send. According to a study by the Condé Nast Bridal Group, the average length of an American engagement is 14 months. Yet little, if any, of that time is spent calculating post-wedding day budgets and mapping out financial goals. "It's easy to get carried away with spending when you're starting your life together," says MaryLou Janeski, Branch Manager at Fidelity Deposit & Discount Bank's Scranton office. Janeski has worked in banking for over twenty years and has seen many financially overwhelmed couples. "There's a lot going on at this time in your life so it's crucial to take some time to talk about your financial situation with your significant other."

1. Start with the Wedding

One of the most challenging but also one of the most effective ways to begin your life together on sound financial footing is to plan your wedding around an affordable budget.

Most couples will accrue debt years into their marriage through mortgages, credit cards and children so Janeski advises not starting with the deck stacked against you. The key to setting a realistic budget is to decide what's most important to you and your fiancé spend the money there. If you don't know the difference between a hydrangea and a hyacinth, consider letting a trusted florist use their best judgment. You may decide that you want a five-star dinner menu but are happy bargain hunting for your dress. Maybe you don't care if you arrive at the ceremony in a luxury sedan instead of a limo and your fiancé may prefer a D.J. to a live band.

The bottom line...adjust your budget to reflect your priorities, then stick with it.

2. Calculate Net Worth and Debt

Now that you're combining finances, it's a good idea to get a clear snapshot of where you stand. "Knowing how much you owe and how much you're worth gives you a good starting point for the future," says Mary McNichols, Vice President and Trust Officer at Fidelity.

To calculate debt, take into account all loans from credit cards and car loans to student loans. To calculate your net worth as a couple, add all your assets- any property, savings, retirement and so on. When you compare the two numbers, you may be surprised.

3. Change Beneficiaries

Whether you have one simple checking account or multiple accounts, CDs, a Money Market or more, you may want to change the beneficiaries so that your spouse will inherit the funds should something happen to you.

Any accounts you have with a bank can easily be changed in person in just a few minutes. "All that's needed is a copy of your marriage certificate," notes Janeski. Changes to beneficiaries on accounts like a 401(k) can be done through your employer's Human Resources department.

4. Update Insurance Policies and Create a Will

Once you've tied the knot, it's likely that you and your new spouse will find both gaps in your insurance coverage as well as duplicate coverage. You may each have separate car insurance policies as well as separate policies for medical insurance. "Generally, most companies provide discounts when you consolidate so you may save a bit by doing so," suggests McNichols. In addition, when reviewing your renters' or homeowners' insurance, check to see that big ticket items such as a new engagement ring are covered. Often, a separate policy needs to be taken out on pieces valued above a certain dollar amount.

And while most of us agree that it will never be the right time to think about creating a will, the truth is, you never know what's around the corner. Give thought to who should inherit what you've worked hard for and make sure your wishes are in writing. McNichols also recommends having a Power of Attorney created. This document will allow your spouse to make decisions on your behalf in the event that you can't.

5. Develop a Joint Budget

Money is a major sticking point in many new marriages however, it doesn't need to be this way. The first step in combining finances is to communicate openly. First, compile a list of all outstanding debt and determining what needs to be paid off when. You may be able to consolidate loans with higher interest rates or save more by using a CD instead of a traditional savings account. Next, determine what your monthly bills will be including spending. "If you calculate savings like any other bill," says Janeski, "setting aside these funds will become a habit." Finally, calculate how much income you'll be bringing in each month and deduct expenditures, savings and ancillary spending from there.

6. Decide Who'll Be Responsible for What Bills

If you're like some couples, it may be obvious who'll be responsible for keeping track of the household finances. For other couples, however, the decision is not that easy. According to the U.S. Census Bureau, the average age of a first marriage in the United States in 2005 was 27. That means some individuals live independently for years before tying the knot and are used to controlling their own finances. "The key," says McNichols, "is finding a system that works for you." Some couples may prefer to work as a team, setting aside a regular time each month to discuss and pay the

bills together. Others may divide the bills and others still may assign only one partner the responsibility. Regardless of which system you prefer, it's helpful to keep a spreadsheet of all the household bills, amounts and due dates so that neither partner is kept in the dark.

7. Set New Financial Goals

Paying off debt? Saving for a home? Planning a weekend away?

"By setting goals as a couple, you can get a clear outline of your desires and aspirations and therefore, it's easier to prepare," says Janeski. Consider looking at your financial goals sequentially. Short term goals are those you wish to achieve in six months or less, mid term goals can be reached in 1 to 3 years and long term goals are more than 3 years away.

Each partner should make a list of their goals then compare with each other. Remember, you're part of a couple now, so the objectives you had before you

became engaged may not be the same ones you have today. By working together toward common pursuits, you're much more likely to achieve financial success. At Fidelity, branch managers like MaryLou can help answer any questions newlyweds have about any of the topics listed here. To learn more, please call us at 1-800-388-4380 or visit us online at www.bankatfidelity.com.