

Life Guide Marriage and Money



A leading cause, if not the number one cause, of divorce is disagreements about money. The best way to avoid money problems is to talk about money issues openly and honestly...and the best time to start is before you're married. This guide is designed to help you "get the ball rolling," as well as to provide some useful tools.

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Money Talk

Before you marry is the time to begin talking about the financial partnership you'll be forming once you're married. You must talk openly and honestly with each other about your financial hopes and dreams, about your spending habits and about your attitudes toward debt. Some of these discussions may be uncomfortable and you may not agree on every issue. Based on what you learn about one another, however, you'll be in a much stronger position to decide on how you will handle money and where you will compromise after you are married. These are some of the issues you should discuss with one another and the information you should share before you marry:

- What assets will you bring to the marriage?** If you both own a home, where will you live and what will be done with the second home?
- What debts will you bring to the marriage?** How will those debts be paid?
- Do you consider yourself** a saver, a spender or something in between?
- What is your credit rating?**
- What is your income?**
- Do you save on a regular basis?** How? Do you invest on a regular basis? How? How will you make saving and investment decisions once you're married?
- What are your financial goals,** both short and longer-term?
- What are your feelings in regard to financial responsibilities to other family members,** such as aging parents or children from a previous relationship?
- How will you manage your money once you're married?** In joint accounts? In separate accounts? If joint accounts, who will be responsible for managing the checkbook and paying household expenses? If separate accounts, how will household expenses be allocated and paid?
- If only one of you works outside the home,** who will control the money in your relationship?
- If you plan to have children,** what are your financial expectations in regard to raising children?
- Do either of you need to keep a portion of your financial life separate?** If so, can you both agree to that?

Wedding Planning

While there are regional variations, the average wedding in the U.S. today costs between \$20,000 and \$30,000. And that doesn't include the cost of a honeymoon! That's a lot of money to spend on a celebration that lasts a few hours, particularly when you consider how some of that money could be used for a down payment on a house or to eliminate existing debt. The fact is that you can have a beautiful, memorable wedding celebration and spend less.

- Create a wedding budget together.** Without one, costs can quickly spiral out of control. A wedding budget worksheet is available on page 8.
- Where shouldn't you skimp?** To answer that question, consider what will last long after your wedding day. You'll be wearing your wedding rings for the rest of your married life, so get something you like. You'll be sharing pictures and videos of your wedding for years to come, so hire a professional photographer. Get a wedding gown you like and that looks good on you, but consider renting the gown. Alternatively, check outlet stores and search Internet sites for the bridal gown of your dreams at a bargain price.
- You may be able to save considerably** by having an "off-season" wedding (November through April) and/or by being married on a day other than a Saturday.
- Check out simpler wedding invitations** and save on printing costs.
- Limit the size of the wedding party** (number of attendants).

The reception accounts for by far the largest wedding expense. Here are some tips on how to save considerably while still having a memorable reception:

- Reduce the number of guests.** Consider paring the list down to just the people you really want to have share with you this important day in your lives.
- Instead of a sit-down dinner,** have a buffet or hors d'oeuvres.
- Use flowers that are in season at the time of your wedding.** Use more greens and fewer blooms in arrangements. Concentrate floral arrangements at the reception, not the church.
- Consider having an alcohol-free reception** or close the bar while food is being served.
- Cut the cake costs.** For example, get a small version of your "dream" cake, plus a much less expensive sheet cake in the same flavor. The sheet cake can be cut out of the sight of your guests and they'll never know the difference.

Prenuptial Agreements

If you're both young, have not accumulated substantial assets and are not in line to receive a substantial inheritance, you probably don't need a prenuptial agreement. If the worst happens and the marriage ends in divorce, the laws of the state where you reside, which establish how property is to be divided in the event of divorce, may be sufficient for your situation.

On the other hand, if any of the following exist, you may want to consider entering into a prenuptial agreement before you are married:

- Substantial assets** accumulated prior to the marriage.
- Beneficiary of a trust fund.**
- Expectation of a substantial inheritance.**
- Children from a previous marriage.**
- Business ownership.**

Prenuptial agreements can be used to prearrange the division of assets and the custody of children in the event of a future divorce, as well as to protect an inheritance. If you want to consider a prenuptial agreement:

- Jointly decide** what exactly will be covered by the agreement.
- Consult with an attorney who is knowledgeable about family law.** Each of you may want his/her own attorney.
- Consider including a timeframe** for future reviews and modifications of the agreement.
- Do not sign a prenuptial agreement that you do not believe is fair and equitable.**

Tying the Financial Knot

One secret of a successful marriage is to try and eliminate any trouble spots before they occur. Here are some suggestions designed to eliminate the money troubles experienced by many newlyweds:

- Develop a post-wedding money plan together.** Your budget should be a realistic plan of how to pay your living expenses and make progress toward your savings goals. Don't make your budget so rigid that it doesn't allow for some discretionary spending. As part of developing your budget, decide how living expenses will be paid (joint or separate checking accounts?) and who will be responsible for tracking your monthly expenses and progress toward meeting your savings goals. A budget organizer is available beginning on page 10.
- Establish an emergency fund.** The general recommendation is to establish an emergency fund equal to three to six months of living expenses in order to provide a financial cushion against an unexpected job loss, illness or accident or some other financial emergency. Keep your emergency fund in a safe, liquid account, such as a savings account or money market fund.
- Pay off debts as quickly as possible.** And resist the temptation to over use credit (in fact, commit to paying credit card balances in full and on time each month). Spending beyond your means can leave you in debt, adding unnecessary pressure to your marriage.
- Create a financial safety net.** Review insurance coverage, including medical and dental, property and casualty, disability and life insurance. See if you can save some money by combining your auto insurance policies and banking accounts. If you're both employed, review your respective employee benefit plans to see where you can save money. For example, the medical/dental benefits from one of your employers might provide better coverage for both of you at a lower overall cost.
- Set your financial goals together.** Decide what your short-, intermediate- and long-term financial goals are. Determine how you are going to save toward those goals and how the money is going to be saved or invested. Consider setting up automatic savings, where a set amount is transferred each month from your checking account into savings or investments. Take advantage of opportunities to save at work, such as through a 401(k) plan. After the wedding, you may also need to change beneficiary designations on employer-provided benefits.
- Commit to ongoing money conversations.** Periodically schedule uninterrupted time together to review your finances. Discuss what is working for you, what is not working and what changes you will make in your financial life together.

In Sickness and In Health

Unfortunately, bad things do happen...you owe it to each other to develop a plan that protects both of you from life's misfortunes. Keep in mind that much planning is impacted by state law and you may need the assistance of an attorney, accountant and/or financial services representative to assist you with the following:

- Modify your will as appropriate.** Assuming you already have a will, you'll need to update it to reflect your marriage. If you don't have a will, get one! Without a will, the state where you reside will decide for you how your property is distributed at your death.
- Do you have a living will?** A living will states your preferences regarding the type of medical care you want to receive (or don't want to receive) if you are incapacitated and cannot communicate. You specify the treatment you want to receive or not receive in different scenarios.
- Do you have a medical power of attorney?** Also known as a durable power of attorney for health care or a health care proxy, a medical power of attorney names another person, such as your spouse, to make medical decisions for you if you are no longer able to make medical decisions for yourself, or you are unable to communicate your preferences. (Note: A medical power of attorney is not the same as a power of attorney, which gives another person the authority to act on your behalf on matters you specify, such as handling your financial affairs.)

Adequate insurance coverage protects dependents, income and assets from financial loss. Appropriate insurance coverage depends on your personal and family situation, as well as your financial needs and objectives:

- Property and casualty insurance** indemnifies for losses to homes and cars, as well as provides liability protection.
- Life insurance** protects dependents from loss of income in the event of a breadwinner's death. If you already have life insurance, review the beneficiary designations and make the appropriate changes.
- Disability income insurance** replaces income lost in the event of accident or illness and may be available through your employer.
- Health insurance** helps to cover the costs of medical care. If you're both employed, coordinate health insurance benefits between your two employers.
- Long-term care insurance** helps to pay the costs of extended nursing home or assisted living care.
- Periodically review your insurance program,** making adjustments as needed.

Name/Address Changes

While most women continue to take their husband's last name at marriage, an increasing number of women are keeping their maiden name or incorporating both their maiden and married names into a hyphenated last name. Here are some general guidelines to keep in mind:

- If the wife takes the husband's last name or uses a hyphenated last name**, she should sign her new married name on the marriage certificate and on all future legal documents and joint tax returns. It will also be necessary to complete a name change on a wide variety of documents and accounts.
- If the wife keeps her maiden name**, she should sign her maiden name on the marriage certificate and on all future legal documents and joint tax returns. If you file a joint tax return, the IRS may require that you submit proof of your marriage. It's also a good idea to check and see if your state has any special requirements when a wife keeps her maiden name.
- NOTE:** It's generally not a good idea for a wife to use her maiden name and her husband's last name interchangeably on legal documents. This can lead to future confusion and complications.

It's no small task to change your name and/or address...in fact, you may want to start gathering the needed information and forms before the wedding.

While you can begin processing address changes prior to your wedding, you'll need to process your name change as soon as possible after your wedding. A general recommendation is to change your name with the Social Security Administration first because many employers and financial institutions require that the name on their records be consistent with Social Security records. **To assist you in making name and address changes, a checklist listing the various records on which your name and address may appear and need to be changed is available on page 12.**

Wedding Budget Worksheet

Suggested % of Budget	Item	Estimated Cost	Who Will Pay
3%	Printing:		
	Wedding Invitations/Reply Cards		
	Thank-You Notecards		
	Reception Napkins/Matches		
	Postage		
	Other:		
	Sub-Total:		
3%	Ceremony:		
	Marriage License		
	Location Fee		
	Clergy Fee		
	Musician's Fees		
	Equipment Rentals		
	Other:		
Sub-Total:			
4%	Rings:		
	Engagement Ring		
	Bride's Wedding Ring		
	Groom's Wedding Ring		
Sub-Total:			
10%	Wedding Attire:		
	Wedding Dress/Veil		
	Bride's Accessories		
	Groom's Tuxedo or Suit		
	Groom's Accessories		
	Other:		
Sub-Total:			
12%	Photography:		
	Photographer's Fee		
	Videographer's Fee		
	Albums/Additional Prints		
	Other:		
Sub-Total:			

Wedding Budget Worksheet (continued)

Suggested % of Budget	Item	Estimated Cost	Who Will Pay
8%	Flowers/Decorations:		
	Bouquets		
	Boutonnieres		
	Corsages		
	Ceremony Flowers/Decorations		
	Reception Flowers/Decorations		
	Sub-Total:		
2%	Transportation:		
	For the Wedding Party		
	Guest Transportation Costs		
	Other:		
Sub-Total:			
3%	Gifts:		
	Bridesmaid Gifts		
	Groomsmen/Usher Gifts		
	Parent Gifts		
	Other:		
Sub-Total:			
50%	Reception:		
	Location Fee		
	Food		
	Drink		
	Wedding Cake		
	Service Staff		
	Entertainment (band, DJ)		
	Rentals		
	Wedding Favors		
	Other:		
	Sub-Total:		
5%	Miscellaneous:		
	Tips/Taxes/Overage		
100%	TOTAL:		

Monthly Budget Organizer

Monthly Income		
	Budget Amount	Actual Amount
Income:		
Salary and Bonuses	\$ _____	\$ _____
Interest/Investment Income	_____	_____
Other Income	_____	_____
Income Sub-Total:	_____	_____
Income Taxes:		
Federal Income Taxes	_____	_____
State Income Taxes	_____	_____
FICA/Self-Employment Taxes	_____	_____
Income Taxes Sub-Total:	_____	_____
Available Monthly Income:	\$ _____	\$ _____
Monthly Fixed Expenses		
	Budget Amount	Actual Amount
Housing:		
Mortgage/Rent Payment	\$ _____	\$ _____
Property Taxes	_____	_____
Homeowners/Renters Insurance	_____	_____
Transportation:		
Car Payment	_____	_____
Automobile Insurance	_____	_____
Parking/Tolls/Bus/Train	_____	_____
Loans:		
Credit Card Payments	_____	_____
Personal Loan/Student Loan Payments	_____	_____
Insurance:		
Life Insurance Premiums	_____	_____
Disability Income Insurance Premiums	_____	_____
Health/Dental Insurance Premiums	_____	_____
Personal/Family:		
Child Support/Child Care Expenses/Alimony	_____	_____
Membership/Professional Dues	_____	_____
Savings/Investments:		
Emergency Fund	_____	_____
Personal Savings/Investments	_____	_____
Retirement Savings (401(k) or IRA)	_____	_____
Other Fixed Expenses:		
Total Fixed Expenses:	\$ _____	\$ _____

Monthly Budget Organizer (continued)

Monthly Variable Expenses		
	Budget Amount	Actual Amount
Housing:		
Utilities (electricity, gas, water)	\$ _____	\$ _____
Telephone/Internet	_____	_____
Home Repair/Maintenance	_____	_____
Household Goods/Furnishings	_____	_____
Transportation:		
Fuel	_____	_____
Auto Repair/Maintenance	_____	_____
Parking/Tolls/Bus/Train	_____	_____
Personal/Family:		
Food/Personal Care Items	_____	_____
Clothing	_____	_____
Laundry/Dry Cleaning	_____	_____
Doctor/Dental/Prescription Drug Expenses	_____	_____
Gifts/Charitable Contributions	_____	_____
Pets (food, grooming, vet, boarding)	_____	_____
Entertainment:		
Cable/Satellite TV	_____	_____
Dining Out	_____	_____
Subscriptions/Dues	_____	_____
Movies/Sporting Events	_____	_____
Hobbies	_____	_____
Vacation/Travel	_____	_____
Other Variable Expenses:		
	_____	_____
Total Variable Expenses:	\$ _____	\$ _____

Monthly Balance Sheet		
	Budget Amount	Actual Amount
Available Monthly Income	\$ _____	\$ _____
Total Fixed Expenses	-	-
Total Variable Expenses	-	-
Monthly Surplus/Shortage:	\$ _____	\$ _____

Name/Address Change Checklist

Government:

- Social Security Administration (www.ssa.gov)
- Post Office (change online at www.usps.com)
- Driver's License
- Voter Registration
- Vehicle Registration
- Passport
- IRS (use IRS Form 8822)
- Department of Veterans Affairs (forms available online at www.va.gov)
- Child Support Payments

Employment:

- Current Employers
- Previous Employers (as needed for future benefits, such as pensions)
- Business Associates

Financial Institutions:

- Banks (checking/savings accounts, CDs, safety deposit box)
- Lenders (auto, mortgage, student loan)
- Credit Card Companies
- Insurance Companies (life, health, auto, home, disability)
- Investment/Brokerage Accounts

Utilities/Services:

- Water and Sewer
- Electric
- Gas
- Telephone/Cell Phone
- Garbage
- Cable or Satellite
- Internet

Name/Address Change Checklist (continued)

Service Providers:

- Attorney
- Accountant
- Insurance Agent
- Financial Advisor
- Doctor
- Dentist
- Veterinarian
- Daycare/Babysitters
- Cleaning Service
- Yard Care Service

Subscriptions/Memberships:

- Magazines
- Newspapers
- Book/Music/Movie Clubs
- Churches
- Civic/Community Organizations
- Professional Licensing/Certification Boards
- Health, Social and Country Clubs

Legal:

- Wills
- Trusts
- Property Titles

Education:

- Your Schools
- Children's Schools

Disclosure Information

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