

# 5 Steps to Master the Money of Marriage



A Financial Roadmap  
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Countless life changes are set into motion on the precise moment that an engagement ring slides into place on the finger of a spouse-to-be. While financial concerns are likely not at the top of your list, they will be worth considering. In fact the opportunity to forever strengthen your relationship as a married couple exists in discussing and dealing with financial issues. These occasions start well before your wedding day, and will last until death do you part.

# 1) Plan for the Big Day

The purpose of this document is not to be a wedding planner. That is your responsibility. The most important thing that you can be reminded of here is simply to **make a budget**. Just about every part of your wedding will come at a cost. Navigating these waters may prove to be a great early test of a couple's negotiating skills.

Once you have decided on a budget figure, the next challenge is to **stick to your budget**. This may prove to be considerably more difficult than the previous task, but there is a trick to help you maintain sanity. You should set up an **overflow fund**.

As in all areas of life, the unexpected will happen in putting together your wedding day. Some planners recommend setting aside an additional 20% of your original wedding budget. Do not plan on accessing this money, but have it available. Understand that avoiding budget overages might mean that you have the extra money available to upgrade your honeymoon, or perhaps make a more substantial down payment on your marital home.

# 2) Talk about your Finances

Each partner in a marriage should feel that they know where they stand together financially. The couple should discuss their combined goals and how they intend to achieve them together.

Every one has a past with money. Not every one has managed to avoid the pitfalls of questionable decisions and potential poor management of credit. Some people are natural savers, while others may have a tendency to spend more freely. A couple should acknowledge these traits, and work to define a set of family financial values and practices that can work for everyone.

What was once "yours and mine" is now and forever "ours". That includes potential debts that should be handled together.

It may serve a couple well, to work with a counselor (financial or otherwise) to guide them through these occasionally tricky conversations. This is especially true if they find that emotions run high when financial topics are discussed.



# 3) Combine your Finances

The merger of a couple's finances will look very different in different situations, and there is no right way for everyone. If two people have similar finances before being married, it might make sense to simply open a joint account. This account can receive all family income and pay all of the family expenses. If spouses prefer not to combine their finances, they can keep everything separate and just agree on who pays which bills from their accounts.

For couples who might not believe complete financial separation or total fusion is the answer, there are a couple of common designs that can work well. Some couples keep their finances separate, but contribute equally to a single joint account, which pays for joint expenses. All other funds for discretionary spending are up to the individual. A similar approach might involve two partners contributing the same percentage of their income to the joint account, rather than the same dollar amount.

No matter what system you choose, or design for yourself, it is important to have a combined system and understanding in place for unifying your financial lives.

# 4) Know the Perks

There are some financial benefits that are only available to those who are married in the United States. These may include the following:

- Right to make deductible contributions to a spousal IRA.
- The ability to receive disability, Medicare, or Social Security benefits for a spouse.
- Tax benefits associated with filing jointly.

Beyond these benefits, you might also gain some advantages in the areas of estate planning and inheritance.

If you are employed, it is important that you update the tax withholdings from your individual paychecks to reflect your new marital status. Don't forget to contact your head of human resources.



# 5) The Post-Honeymoon Financial To-Do List

There are a few things that newlyweds should attend to rather immediately after exchanging vows. This checklist is as follows:

- At your Workplace
  - Update your emergency contact
  - Adjust your benefits package
    - Medical
    - Dental
    - Vision
    - Other
  - Update your retirement plan beneficiary designation
- With your Attorney
  - Update your wills or trust documents
- With your Financial Advisor
  - Review your insurance coverage needs
  - Update your beneficiary designations
    - Insurance policies
    - Investment accounts
  - Update your Financial Plan

Much like your new life together, your financial life will be a long journey. If it is approached with a spirit of sharing and cooperation, doing the right things at the outset can set you up for many fruitful years ahead.

