

After the Wedding and Honeymoon: Basic Financial Planning for Newlyweds

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The road between wedded bliss and financial harmony can be rough, but planning early for your financial future can thwart complications and disagreements later.

Fundamentally, couples must decide whether to combine income, assets and/or debt. Establishing joint accounts for living expenses and savings can simplify finances, although many enjoy spending autonomy by keeping some money separate. Discussing debt can be dicey, but its management will be an essential part of overall planning.

Once accounts have been merged or established, budgeting takes priority.

Reconciling spending, saving and investing habits early, affords newlyweds more time and confidence in defining and helping them achieve goals. Of course, all budgets require a gatekeeper - someone to pay the bills and oversee the checkbook. Often the choice is clear; one partner may be more detail-oriented than the other. Sometimes both partners are willing to share the burden. But whatever the choice, both spouses should review the budget together on a monthly basis to ensure goals are in check.

Part of the budgeting process will include consideration of tax liability. Many married couples face a higher tax bill when filing jointly. Avoid surprises: compute taxes as single, as well as joint, to determine which method provides lower overall liability. It is always beneficial to consult a tax advisor, especially for those with more involved tax considerations.

Another significant consideration for married couples is differing investment philosophies. Most have different attitudes and concerns about money and will, therefore, assert different risk tolerances. When harmony requires agreement on investment objectives and desired rate of return, compromise is key. Separating some assets - perhaps retirement savings - can reflect each partner's individual risk tolerance.

In addition to company-sponsored retirement plans, take the time to balance other employee benefits. Health care is an excellent example. Maintaining separate "single" benefits may be more prudent than one spouse obtaining "family" benefits, but the possibilities are worth investigation. Always compare deductibles and co-payments. Estimating annual out-of-pocket expenses may produce surprising results. And consider the risk of unpleasant surprises - does either plan have a cap on those

expenses?

Communication is crucial to newlyweds. Financial planning at this stage begins with sharing fiscal histories, present circumstances and risk tolerances. Most importantly couples should create a vision of their life together and discuss how they can use money to develop the shared vision.

If you or someone you know needs financial planning assistance, feel free to contact our firm for a no obligation consultation.