

# Tips for Marital Financial Success

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Summer is here and while June has long been one of the most popular months for weddings, this time of year offers many benefits for couples planning their special day. This time of year offers many benefits for couples planning their special day. Longer daylight hours and better weather allow us to enjoy outdoor ceremonies, and the abundance of beautiful flowers offer impressive photo opportunities.

Planning for marriage should involve more than sending out invitations and selecting entrees for the reception. It's also important to look at how marriage will impact your financial situation. There are numerous matters to think about and thoughtful planning can increase the likelihood that you'll enjoy financial success as you begin this exciting new chapter in your lives.

## Share your Financial History

Marriage is the union of two people... and their finances. Not only is it important to understand your sources of income and what assets you bring to the relationship, it may be even more important to know the liabilities (debts) you each have before you exchange vows.

## Maintaining Bank Accounts

Although you may have successfully managed your finances for years in a manner that has worked for you alone, now that you are married, you and your spouse will need to agree on a system for managing your money and paying bills.

Some couples nominate one person to be in charge, while others prefer to take turns paying the bills. If both of you are going to be involved in the process, make sure you develop a record-keeping system that you both understand. Regardless of the approach, you'll want to keep records filed so that both of you can easily locate important documents.

This is also a good time to discuss combining bank accounts or keeping them separate. If you decide to keep separate accounts, consider opening one joint account to pay for household expenses.

## Create a Budget

It's important to establish a budget that works with your current level of income and expenses. Begin by listing your income and expenses, either on a monthly or annual basis.

Income could include salaries, interest, and rents. Expenses should ideally be divided into two categories: (1) fixed expenses including housing, transportation, utilities, and food and (2) discretionary expenses such as vacations and entertainment. It's also good to include a category for expenses that arise unexpectedly such as home and vehicle repairs.

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## Prioritize your Goals

While single, you set financial goals for yourself, with nobody else to be accountable to. Those goals are likely to change now that you are a couple. Start by making a list of things you both would like to achieve such as higher education, purchasing a home, starting a family or a business, retirement, etc.

Short-term goals may be paying off wedding debt or saving for a home with retirement being a longer-term goal. Once you have identified your financial goals, prioritize them by determining which are most important to each of you. Now you can focus on working to achieve them together.

## Resolve Credit/Debt Issues

A good credit rating is foundational to any financial plan. By identifying potential credit or debt problems either of you may have, together you can work on a plan to make improvements as quickly as possible.

While you may not be responsible for your future spouse's past financial problems, they can hinder your ability to get credit or obtain more favorable terms once you are married. Some ways to pay off debt include managing payments to avoid late fees, paying off high-interest debt first and taking advantage of debt consolidation and/or refinancing options.

## Review your Insurance Needs

Making sure you have adequate and affordable health insurance coverage is important. For many, health insurance is offered by their employer. Getting married provides the opportunity to compare coverage and costs with the benefits that your spouse's plan offers.

Life and disability insurance may not have been critical when you were single, but once you are married you may find yourselves financially dependent upon each other, especially if one spouse may be exiting or entering the workforce.

Combining auto insurance policies may get you a discount for insuring multiple vehicles with one company. As for renters or homeowners insurance, you'll want to make sure your possessions are adequately covered.

## Update your Beneficiary Designations

After the wedding, consider the beneficiary designations on life insurance policies as well as retirement, bank, and investment accounts. Create or update your estate planning documents including your will, Power of Attorney documents and trusts.

## Consider Tax Implications

While not at the top of the list, you and your new spouse will want to consider the tax implications of your union including your sources and character of income, filing status, credits and/or deductions you now qualify for. Filing status is determined as of the last day of the year. This means that even if you were married on December 31, you are considered married for the entire year for tax purposes.

## Consider a Prenuptial Agreement

While this can be a delicate topic, if either you or your future spouse has or may inherit substantial assets, or if either of you has children from a previous relationship, you may want to consider a prenuptial agreement. This agreement is a binding contract that defines the rights, duties, and obligations of the parties during marriage and in the event of legal separation, annulment, divorce, or death.

Getting married, whether for the first time or the final time, is a major life event. Aside from how much to spend on the wedding and honeymoon, discussions about money, budgets and debts don't always come naturally to couples. It's important to keep the dialog open. Financial secrets can derail future goals.

We are happy to answer your financial questions, to walk through the financial and non-financial decisions surrounding your stage of life and help you to achieve the goals you may have. Give us a call at (217) 441-2200 or visit us online and check out the free resources available at [www.MySoundPlan.com](http://www.MySoundPlan.com).



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