FAMILY FINANCIAL EDUCATION FOUNDATION

DOLLARS & SENSE

EDITION 12, VOLUME 5

When Two Become One: Navigating The Financial Maze

"From this day forward, for better, for worse, for richer, for poorer…"

These are the traditional words commonly spoken during a wedding and while a traditional wedding isn't necessary when choosing to get married, finding a way to share earnings and expenses is. In fact, finances are probably one of the most overwhelming facts of life for newlyweds. It affects all ages; from young couples, in need of personal independence and maintaining some level of freedom, to older couples that have gotten used to living alone and are set in their ways.

No matter your age or your station, deciding what and how much you share with your companion can feel restricting. A viable solution to the problem must be found and adopted promptly, lest increasing squabbles undermine the foundation of your relationship.

For some, dividing all possessions, income, and expenses into two equal parts seems ideal, but in situations of income disparity, such as those originating from only one-half of the couple having a reliable source of income, it may not be so simple.

Income inequality is not the only time that splitting finances get tricky, personality conflicts and how good your other half is at managing money is a critical detail. You may find yourself with a self-absorbed spouse, inclined to only dedicate a fraction of their income to expenses and necessities while saving the rest for personal projects or hobbies.

It is important to know where your spouse stands when it comes to the financial structure of your marriage and what their strengths and weaknesses are when it comes to earning and budgeting money. This analysis should preferably take place before you decide to share a household so that you can avoid financial friction. It is important to be knowledgeable and consider all options in the world of marital wealth; from the most common to the most peculiar. Let's discuss some situations that you should always keep in mind.

A Safe Place For Your Savings

Now and then, fairy tales tell of extremely powerful people who hoard humongous amounts of wealth in purposely engineered vaults and inaccessible rooms. These locations were often protected by an intricate system of traps, with a small army of guards and functionaries toiling away to ensure that their lord's belongings would be safe at all times.

Today, a comparable (and more realistic) solution to store our wealth (however vast or meager) are banks or credit unions. One of the primary purposes of these institutions is to offer safekeeping services to anyone who can afford to pay related fees and minimums.

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It is likely you already have a personal bank account, but now that you are married, you may consider changing a few things. When two people come together to live under the same roof, buying and paying things together is obviously going to occur regularly.

Aside from buying food and paying bills, post-wedding life will also include occasional unexpected expenses. But whom's bank account will the costs come from? It's at this point that a newly wed couple is likely to consider whether to merge their accounts or maintain those they had in the first place.

The choice is a matter of personal preference, as there are suitable solutions that offer advantages and disadvantages. Among those solutions are:

Open A Joint Bank Account: this choice makes the entirety of your money always ready to be used by either spouse. Deciding to close your personal accounts and create one that you will share with your significant other is a great way to show both trust and love.

Doing so allows for payments to be processed faster as both individuals within the couple can draw from the account when deadlines must be met.

Simultaneously, only having one account means that a smaller amount of your family's earnings has to be used to cover your bank's fees. Most accounts offer the possibility to request multiple debit cards, making withdrawals even easier to go through.

A single bank account also comes with several cons that should be taken into consideration when deciding. Unless otherwise specified, both users can move as much money as they want without having to acquire written permission from the other. Your joint bank statement will also show all transactions for both yourself and your husband or wife.

It is unlikely that you want to hide something from the person you married, but imagine going through the trouble of scraping the price tag off of a present you just bought for them only to have your bank snitch on you when they see the statement.

Keep Separate Accounts: this is the right choice for those who need more personal space and individual freedom. Your savings account could be described as a much larger version of the piggy bank you were likely to have owned as a child. Just as you did back then, money is poured into it whenever a payment is received.

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Building a Financial Roadmap

Marriages today face many challenges, from finding good jobs and affordable housing to planning for children and even preparing for retirement. Unfortunately one of the top complaints from marriage partners is the inability to communicate with their partner about money. Two people joining together is one thing... but marrying financial styles and spending can prove to be a challenge that often makes or breaks the marriage. It is important to learn the skills you need to communicate effectively about money.

Every newly married couple and those considering marriage should set some time aside to discuss personal financial goals and then use these to create a year financial map for possible expenses in each decade of their lives. Items to discuss should include:

- Current budget needs including housing, regular medical expenses, school tuition, child-support, etc.
- Future dreams such as schooling, travel, desired style of living and number of children.
- Past debts being brought into the marriage and the plan to pay off those debts.

Couples should also discuss the cost of living in the city where they plan to live, and the realities of running a household there. As you build your financial map consider expenses down the road like braces for your kids, setting aside money for college, and medical expenses as you age.

It is wise to consider taking a financial class together. These classes not only teach valuable financial skills, but they open up a platform for communication about issues and goals between partners.

It's true that money can't buy happiness, but partners who can communicate about their budget and have a strong understanding of their financil responsiblilties and respect for their partner's financial needs remove one of the largest causes of conflict and stress in their marriage.

Keeping individual accounts makes it easier to keep a small stash of money for personal projects, unforeseen personal expenses or to buy gifts. Keeping your account also lets you manage your finances in a more independent way, without having to rely on someone else to co-sign documents or authorize transfers.

The higher degree of freedom comes at a cost, though. While you won't have to come up with an explanation as to why you spent $50 on yet another model airplane for your collection, anything that requires your consort's attention is likely only to be delayed.

After all, if you are not as efficient at budgeting and saving money as your spouse, you may find yourself coming up short when the time to share an expense rolls around.

Unlike the option of combining accounts, with individual accounts, your family may find themselves having to give more money to the bank and deal with more paperwork, with the effects of your choices becoming clear the next time you try to review your past expenses to budget or come up with a savings plan.

Open An Account For Your Joint Efforts: keeping your individual accounts and opening a joint account for your family purchases and expenses may be the perfect compromise. If you simply can't come to terms with the idea of losing your financial independence but hate to scour through several accounts whenever your electricity bill comes due, this solution is likely to be the most suited to your needs.

Visiting a bank and opening an additional account may add more fees and complexity to an already complicated adult life, but dedicating a space to the sums you use to survive saves you some work and several headaches in the long run.

Furthermore, family members in which income disparity is particularly evident are now given a way to contribute. The plan here is to create an account that you shall solely use to collect money for your next monthly deadlines.

Neither you nor your counterpart should be allowed to withdraw from this account if it is not for something that benefits the entire family. To ensure that these restrictions are put in place and respected, banks offer specific services.

Among these, requiring that both owners sign each transaction off before it is processed is probably the most common and widespread.

Think Of Your Future

While we have already discussed expenditures and savings along with the various reasons and methods through which these can be managed, the most important concepts of marriage have yet to be mentioned. The entire point of a wedding is the intention of spending the rest of your life with the person you're binding yourself to.

The mind's eye picture of a young couple living in a small, run-down apartment only to make their dreams of love come true may be romantic, but the reality is, nobody looks forward to still paying rent and struggling in that tiny apartment into their 50s or 60s. If you want to avoid that much less romantic picture, planning ahead is important.

Going with the wrong money management strategy can lead to disaster. Unforeseen and inescapable expenses happen, and if not planned for, have the potential to break even the bravest of souls.

But the life of a married couple is full of potential. With the support of your significant other, you may suddenly find yourself shooting for the stars. Let's discuss what your contingency plans should include.

Save up for a house: a place to call home!

Some refer to it as a nest; others prefer the image of a fortress. Ultimately, though, your house is the physical location in which your entire life is given shape and form. Your home is not merely a shelter; lifetimes are lived, and memories are made in your home.

It stands to reason that, at some point throughout your existence, you should try to acquire a set of walls that belongs to you. Renting an abode is usually the most viable and only solution you have in your early adulthood, but doing so for too long limits you greatly. Renting a home allows for an extremely limited degree of customization and rent is ever-increasing monthly.

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If you find yourself unable to purchase a house, establishing a budget through which you dedicate part of your family's income towards a home should be your priority. If you both work, marriage gives you the potential to save more. The key is limiting what you spend of your disposable income (income not used for fixed, necessary monthly expenses).

There is no doubt that the idea of limiting your disposable income is uncomfortable at best, but such decisions need to be made to ensure a better future for yourself and those you love. Whether you decide to hide your cash under the mattress or prefer to use a safer alternative mostly comes down to you.

Family Planning: it is no secret that children are a huge responsibility and

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expensive. Sometimes though, married couples are swept away by future dreams and lulled into a sense of pie-in-the-sky enthusiasm by the thought of holding that bundle of soft skin and downy hair. The act of discussing names and shopping for cribs is enough to make many a couple throw cautions to the wind and begin before they are ready. It is important not to let this fantasy get in the way of reality.

Your child will need food, shelter, clothing, a proper education, and enough resources to become a well-integrated, productive, and respected member of society.

Should you decide to add a child to your family, make sure you have an idea of just how exhausting and expensive your existence is about to become. The average cost of raising a child in the United States, considering a period spanning from their birth to the age of 18, is just over $300,000.00. These estimates grow even larger if your kid attends college or enrolls in a higher education program.

Of course, you are not required to have that huge amount of money at one time, but it still stands that you are going to have to give up a lot of what you consider yours to raise a child, not only in money but also in time. Before you jump off the ledge that is parenthood, you must discuss with your partner if you are both willing to make the sacrifices, put the work in and that your finances are up to the task. Children are a blessing, and they can complete a family in ways that are indescribable, but you must always be realistic in your expectations.

So what happens if you decide you are not ready yet? It is okay to take time and enjoy life as a couple before deciding anything. What if having children is not for you? It's okay! A childless life can still be an incredibly gratifying one!

Having children is not for every couple. Focusing on careers and dreams rather than building a family is a valid choice, don't let anyone tell you otherwise!

Plan to Grow Old: no one lives forever.

There will come a time when your body is just too tired to keep up with your schedule. It starts with finding yourself preferring a night in rather than a night out with your friends; suddenly your bones hurt and even shopping for groceries becomes a small adventure. Aging is a natural and completely normal process that, sooner or later, you learn to embrace.

Living to see an older version of yourself is satisfying; with peers showing you more respect and access to a set of discounts that will further sweeten the deal. What you won't want to do, though, is have to work until your body falls over and your heart stops. Just as vital as buying a house, planning your retirement requires sacrifice and work.

Once again, savings is the key to a happier existence. As soon as the excitement of your wedding day wears off and your new life begins taking a turn for the better, you should call your partner over and start discussing your options for the future. The more you will be able to save, the more you will enjoy life later on.

Also remember, a satisfying existence is not always measured by the physical objects you own. Not every retiree has a second house on the beach or a small cabin in the woods, but a majority of them can recount great and enthralling experiences given a chance to do so.

As your professional life comes to an end and you find yourself with more time on your hands, you are likely to start considering that trip to Europe you always wanted to take. If you and your partner managed to move part of your hard-earned paychecks to a dedicated account and you both are in good health, there is nothing that can stop you now.

In Conclusion

Financial responsibility and cooperation constitute a primary ingredient for the creation and maintenance of a happy and prosperous family. Plan for significant events like buying a home or having a baby, rather than acting impulsively. Just like you would do with many other aspects of your personal and sentimental life, do not be afraid to experiment. Finding what works best for you and your significant other makes the whole process more pleasant, eventually encouraging the entire family to set the bar higher and work harder to reach your final goals.

Expect to struggle a bit, but don't let difficulties get the best of you and drag you down. Remember that, in hard times, you can always count on your elders for guidance and that you have the full support of someone who decided to accompany you through this specific journey until death do you part.

Family Financial Education Foundation

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