

The Bridal Extravaganza

Money Management

One of the biggest challenges newlyweds face can be summed up in one word . . . money! The financial issues in a new household are not unlike those in any home, except that couples are making life decisions together for the first time. Family input, existing debts and saving plans, and varying viewpoints, complicates Many times these decisions. Compromise is key, as is outside help and a respect for the emotions that underlie all financial matters. The following guide will help get you started.

Cash Management

Cash management is more than just keeping a balanced checkbook and deciding which partner will pay the bills and keep the family records.

Cash management includes:

1. Preparing and following a budget (this one makes hanging wall paper together, the supposed ultimate test of a marriage, a cakewalk).
The budget is often an ongoing project that takes months to finalize. It involves being honest with your partner, openly discussing the intimate details of each and every daily expense, and being open to changing one's daily routine for the greater good of the family budget.
2. Using credit wisely includes determining what credit cards to keep, shopping for and opening joint cards, and determining who will use them and for what reasons.
3. Keeping the income tax burden to the lowest possible level. Will you file jointly or separately? What benefits will each method bring to the table? Adjusting your W-4 information concerning the withholdings your employer has on file for you will affect the overall outcome of the next tax year.

Risk Management

There is always a risk of loss of life and loss of property. Your current insurance should be reviewed to determine what policies need to be kept, cancelled, or adjusted to include your partner. Savings often result from combining polices.

- 1) Health insurance to protect against illness is a must. This can be a complicated issue requiring research into plans available through work as well as costs of adding a partner to an existing plan. Care should be taken in the consideration of pre-existing conditions, waiting periods, deductibles, and benefits such as eye, dental, and prescription drug coverage.
- 2) Life insurance can be used to protect a new family against the risk of premature death. Term insurance is usually preferred. Carefully consider the amount based upon need, and then determine the plan which offers the features most suited to your situation.
- 3) Disability insurance can protect against the loss of each partner's ability to earn a living. The ability to earn a living is your greatest asset. Many times a company benefit package includes this coverage, however in some cases careful consideration into the extent of coverage and the details of what constitutes a claim will uncover additional needs.

The Bridal Extravaganza

- 4) Property and casualty insurance can protect worldly goods against accident and such perils as fire, flood, earthquake, and theft. Quite often a policy that combines coverage of the home and auto provides tremendous savings.

Accumulation Goals

Saving money for your new family's goals needs to be considered early on. Determining the goals is the first step.

- A new home or home repairs and improvements.
- Major purchases like cars, vacations, furniture, and appliances.
- Higher education funds for you, your partner, and eventually your children.

Each partner will have funds in his/her own name (for example: cash accounts and retirement accounts at work). Changing these accounts to joint accounts or renaming beneficiaries is an important consideration. Establishing an emergency fund, savings program, and retirement account is imperative. It is equally important to have a systematic plan for the funding of these accounts. The idea is to have money (no matter what the goal), when the money is needed. The plan should take into account the risk tolerances of both partners.

Making It Work

Solving these challenges can be difficult. Two basic steps are involved. The first step is to recognize that in our complex, ever changing world, expert help is required. There is the need to assemble what can be called the financial planning team. Trained professionals such as your attorney, CPA, insurance agent, securities broker, and financial planner are generally members of this team. With their help the second step can be taken. The second step involves the development of a detailed financial plan.

Identifying and preparing for financial issues prior to marriage will make the transition easier.

The following worksheet will:

- Identify accounts and policies.
- Serve as a checklist for the accomplishment of the financial goals as well as provide the basis for the family's first net worth statement.

The net worth statement is a great summarization of the family finances, as well as a tool for determining the progress of the newlywed's financial plan.

The Bridal Extravaganza

Income

Gross Salaries Husband \$ _____ Wife \$ _____

Interest or Dividend Income Husband \$ _____ Wife \$ _____

Total Income \$ _____

Expenses

Fixed Outflows

Cash _____

Mortgage/Rent Payment _____

Auto Payment(s) _____

Insurance Premiums _____

Loans _____

Other _____

Other _____

Other _____

Total Fixed Outflows \$ _____

Variable Outflows

Food/Household _____

Transportation _____

Clothing/Personal Care _____

Entertainment/Vacations _____

Medical/Dental Care _____

Utilities/House Expenses _____

Charity _____

Taxes _____

Other _____

Other _____

Other _____

Total Variable Outflows \$ _____

The Bridal Extravaganza

Investments

Ownership	Beneficiary	Value	Current Liability	Rate of Return
<i>Savings & Investments</i>				
_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____	\$ _____

Qualified Plans & IRAs

_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____	\$ _____
_____	_____	\$ _____	\$ _____	\$ _____

* Ind=individual, CP=community property, JT=joint tenants w/rights of survivorship, TC=tenants in common