

Engaged? How well do you know each other's finances?

If you recently popped the question or breathlessly said yes to a marriage proposal, you probably think you know your future spouse pretty well. However, it's important to remember that marriage is more than a romantic union it's also a financial one.

To avoid surprises or disagreements down the road, it's a good idea to fully understand each other's financial situation and attitudes before you legally come together as a couple or a blended family. Being open and honest with each other can improve your ability to work together toward your goals and help avoid some of the stress that money issues can bring into a relationship. Here are some things you should discuss before you say "I do:"

1. How will we manage our day-to-day banking needs?

Chances are that you are each coming into the marriage with your own account for depositing your paycheck and paying your bills. It's time to discuss how this will work going forward. Will you share the responsibility or will one of you exclusively manage day-to-day finances? And, what about those bank accounts? Some couples decide to keep them separate, while others merge their accounts when they get married. A third option is to have three accounts: mine, yours and ours. With this approach, you could use the joint account to pay shared bills, while maintaining some financial independence through your personal accounts.

2. What are our financial goals?

It's likely that you have already talked about where you'd like to live, if and when to start a family, dream vacations you hope to take and when you might like to retire. But if you don't think these things through and establish a plan, you're likely to fall short of your goals. For example, saving for a down payment on a home may require you to forgo the exotic honeymoon you were dreaming of or you may decide to delay buying that house for a year or two so that you can start off your marriage with that amazing honeymoon experience. Either decision is fine as long as you agree it's what you both want and decide how you will pay for it. If you don't discuss that ahead of time, one of you may be very disappointed. Remember that compromise is an essential skill in all aspects of marriage.

3. What about spending habits?

Are you a shopaholic or do you plan for and agonize over every purchase? As painful as it can be to look at the realities of your cash flow situation, setting up a budget is critical to helping you monitor your spending and savings habits. For couples, a budget can also help you identify differences in your financial personalities. When comparing your budgets, you may realize that you approach money differently. Perhaps one of you is a spender while the other saves diligently. If that's the case, work with your future spouse to create a realistic shared budget that helps you pursue your financial goals while respecting your different approaches to money.

4. What's your number?

And no, we don't mean your phone number. Having a conversation about your credit scores is proof that your relationship has reached the next level. Knowing your future spouse's credit score and payment history will give you a good idea of their level of fiscal responsibility and whether it will be easier or more challenging to apply for credit once you are married. It may be that your partner is truly making the best of a bad situation arising from student loans or an untimely dip in the housing or financial markets, but if you believe it's an indication of ongoing money management issues, now is the time to discuss it. Hopefully gaining a

better understanding of how these behaviors will impact your combined credit score will provide the incentive for a necessary change in behavior. If not, at least you will know what you're dealing with and there will be fewer surprises when you apply for a mortgage or other credit together.

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5. How will we protect our financial security?

Financial security includes everything from building an emergency fund to planning for what will happen if one of you dies to ensuring that you've got enough saved for retirement. Review your health and life insurance to look for ways to save as a couple and to ensure your coverage is adequate for the two of you. Update your wills and investment accounts to ensure that your future spouse is named as your beneficiary. And, compare your retirement accounts to see if you need to change any of your investment allocations and identify if you're contributing enough to meet your retirement goals.

It's unrealistic to think that you both will have the same values about money, so don't worry if your answers to these questions are different. As with all aspects of your relationship, the important thing is to keep the lines of communication open so that you can lay a strong financial foundation for your future together.



196 Delaware Street • West Deptford, New Jersey 08086

856-853-0400 • 800-507-1120 • Fax: 856-853-2747

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