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Financial Wellness for
Engaged Couples

Financial arguments can lead to marital stress, so how you engage in financial behaviors as a couple can have a big impact on your financial wellbeing and your marriage. Here are some discussion topics and tips for making wise financial choices.

» **Consider taking a personal finance course together.** Taking a money management class as a couple can change your perspective how both of you feel and talk about money. The way your family handled money when you were growing up is likely different than your partner's. When you merge two family money systems without open and honest discussion, conflict will inevitably follow. Get ahead of that potential challenge and learn to talk with each other about how you feel money should be handled and why.

» **Separate accounts or joint?** When it comes to checking accounts, savings accounts, credit cards, etc., you need to decide as a couple whether to maintain separate financial accounts or merge your finances into joint accounts. There are pros and cons to each approach, and what's right for one couple may be not be fine for another. Factors such as trust, desire for independence, and future financial goals can influence the decision. If there's a high degree of trust between you and your partner, then merging finances into joint accounts may be a good option—you'll be on the same page with your financial goals and plans. On the other hand, you each may feel more comfortable with the status quo, which is how you handled your money while single. Whichever approach you take, it's worth a deep conversation when you both are alert (not tired) and in a peaceful state (not stressed). If you decide to go the joint account route, it may be wise and more efficient for one person to handle bill-paying, reconciling bank accounts, etc.

» **If you maintain separate finances, you may want to create a joint spending plan** — at least for certain household expenses. Maybe each of you pays half of the mortgage or rent, half of utilities, etc. Or maybe you split expenses proportionally based on income. For example, if your income is 40% of the overall household income, then you kick in 40% toward expenses and your partner covers the other 60%. Decide how you will build your spending plan — on paper or maybe by using an app.

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» **Create a spending plan.** One of the easier ways to reduce financial stress is to know how you are spending your money. A spending plan can help ensure you're making progress toward your financial goals. You can create a spending plan with pencil and paper, a spreadsheet, or an app. Once you have the plan in place, track how you are actually spending your money for at least 3 to 6 months. You may need to revise your spending plan to reflect what's really happening, and then decide if you are using your financial resources in a way that reflects your values and priorities as a couple.

» **Debts.** Each of you may bring past debts to your marriage. Talk about debt openly and decide how you want to tackle it. Share your credit histories and scores with each other and discuss whether you want to refinance any of these debts once you are married, if doing so makes financial sense. Spend some time exploring how each of you feels about adding any new debt once you are married.

» **Get a copy of your credit report annually.** You can receive a free copy of your credit report once a year from each of the three main credit reporting agencies. Visit www.annualcreditreport.com/index.action for more information. Consider placing a credit freeze with each agency as well, to prevent unauthorized credit accounts from being opened fraudulently. Each credit agency has its own process for placing a freeze, as well as lifting the freeze when necessary.

» **Build an emergency fund.** Ideally try to save up 3-6 months of living expenses, which can help meet your financial needs if you should lose your job or become too ill to work. Consider investing the money very conservatively, such as in a CD or savings account. You could also use a Roth IRA as an emergency fund, because you can always withdraw your contributions (but not earnings) without any tax consequence. The upside of using a Roth IRA is that you're getting a dual benefit: a tax-free retirement account for retirement while also serving as a potential emergency fund during your working years.

» **Decide on joint saving priorities.** Do you want to save for a house, a car or other big purchase? Do you want to focus on paying down debt, such as student loans? Talk together about your priorities. One option to always take advantage of, if available, is any matching retirement plan contributions by an employer. If offered, each of you should always contribute enough to get the full matching contribution, as that is free money from an employer.

» **Home ownership.** Think about your current living situation and how that could change as a married couple. As one of the largest expenses and financial decisions you'll make, ask lots of questions! What are the pros and cons of renting versus buying? How does this affect our commute? How much can we afford per month on housing? Do we need a starter home or should we plan for something bigger when we might have children?

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» **Take advantage of your employer's employee assistance program.** If your employer offers some type of counseling benefit, don't be afraid or ashamed to use it regarding money matters. Consider counseling now, particularly if you think there might be some money disharmony once you are married. Ideally, include your partner in the counseling process sooner rather than later.

» **Planning your wedding and honeymoon.** These events can be as inexpensive or expensive as you want to make them. Just try to plan for them responsibly, especially if the funding is coming from your (or your partner's) parents.

» **Health insurance coverage.** Your marital status also impacts your health insurance, so it's important to review your options and rules for the plan. You could each stay on your existing employer's plans as singles (or perhaps your parent's if you are under age 26). But it may make sense for one of you to choose a family coverage if one of you has children. Consider the amount of coverage and costs. While a family plan may likely cost one of you more, it may still be less than the cost of each of your single plans.

» **Update your personal documents.** Once married, be sure to update any accounts with beneficiaries, such as retirement accounts and insurance policies. Consult with an attorney about establishing or revising any estate planning documents, such as wills, living wills, powers of attorney, and trusts.

» **Tax filing and withholding.** As a married couple, you will have the option to file your income taxes jointly or to file separately. In many cases, filing jointly will lower your combined tax bill. If you do file jointly, be sure to check how much federal income tax (and state income tax) you're having withheld. Your income tax situation will now be as a household, and that may change your overall tax situation.

» **Digital data.** Once married, will you maintain separate digital identities, accounts, passwords, phone apps, etc.? Whether you keep existing accounts or not, you may want to make sure your partner has access to your accounts and passwords in case something happens to you, where you can no longer maintain your accounts.