URS
Utah Retirement Systems

Financial Wellness for

Married Couples With Children

The costs of raising children can put significant stress on a couple's financial resources. To reduce your financial stress as a married couple, consider taking some of the following actions together.

» **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 may 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.

» **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.

» **Start identifying those anticipated major child expenses.** Raising children can become expensive: delivery costs, diapers, fertility treatments, childcare, healthcare costs, clothes, and food, etc. Add in some school clubs and sports at various ages, and then think about college costs. You may even be called upon to help pay for your child's wedding in the future. You can take some stress out of the month-to-month challenges of paying those bills in the future by building in some realistic numbers for these longer-term expenses now.

» **Debts.** Talk about debt openly and decide how you want to tackle it. Examine your credit histories and scores as a couple and discuss whether you want to refinance any debts. Spend some time exploring how each of you feels about adding any new debt in the future.

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» **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? Do you want to pick up a degree? Will either of you need to provide financial support for aging parents? Talk together about your priorities. If one of you is a spender and the other a saver, you'll be working against each other—leading to financial stress. 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. If you are renting currently, are you thinking of buying a house? As one of the largest expenses and financial decisions you'll make, ask lots of questions! What are the pros and cons of renting vs. 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?

» **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. Ideally, include your partner in the counseling process sooner rather than later.

» **Health insurance coverage.** Your marital status also impacts your health insurance, so it's important to review your options and rules for the plan. If both of you are working, determine which one of you should choose a family coverage plan. Consider the amount of coverage and costs.

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» **Insurance.** Make sure you both have adequate life insurance and disability insurance. Check with your employer to see if you have access to any group life insurance and/or disability insurance. Consider having enough life insurance to cover any personal debt you may have, such as a student loan, auto loan or mortgage, as well as future living expenses for your spouse and children. If one of you is a stay-at-home parent, consider having adequate life insurance on that person, to replace the childcare and other services they may provide for your family. It can also be wise to draft basic estate planning documents, such as a will and power of attorney.

» **Update your personal documents.** Be sure to regularly 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. Make sure to name a guardian for your children, in case something happens to both of you.

» **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.

» **Digital data.** Consider whether you want your partner to have access to your accounts and passwords, in case something happens to you where you can no longer maintain your accounts.