



Rosso
Financial
Group

Growing Wealth Responsibly

Rosso Financial Group

rossocommentary@regalsecurities.com

RossoFinancialGroup.com

732-820-4690

800 The Plaza, Suite 6/7, Sea Girt, NJ 08750

Before You Tie the Knot!

Contributed by Sean T. Keating, CFP®, EA, ChFC, CDFA

Congratulations on your recent or pending nuptials! Deciding to get married is an easy decision with the right person. Deciding how you will manage life together might be a little more complicated. Negotiating how to arrange your stuff on the bathroom counter may be hard, but creating a calm and well-organized transition in finances doesn't have to be.

Managing your finances is an extremely important part of a relationship. People are very sensitive and sometimes secretive about their finances. In any marriage, secrets aren't good, and finances are usually the number one topic couples fight about.



FIRST BIG DECISION:

"Should we combine finances?" Today there are three schools of thought as to how to manage this:

1. Stay traditional and both partners combine everything.
2. Each partner maintains separate bank accounts, pays bills separately and creates a joint account for the common bills.
3. Each partner maintains separate bank accounts and splits the common bills 50/50 or some other agreed upon ratio.

Before you can make that decision about combining finances, you will need to know a few things about each other:

- ⇒ Does your spouse have financial assets, investments, retirement accounts?
- ⇒ What is their credit score?
- ⇒ Is there any debt?*
- ⇒ What is their philosophy on money?
- ⇒ Are they a saver or a spender?
- ⇒ Conservative investor or risk taker?

*Also note, if there is debt, **not** combining accounts can help protect some of the assets. If there are any old IRS issues, how you file your tax returns may also need to be considered.

Also important to consider is:

- What are some of the major purchases and life events each of you foresee in the next 5, 10, or 20 years?
- What are your future goals? How are you going to finance those future goals?



This probably sounds a bit daunting, especially with all the other changes going on. However, it doesn't need to be that hard. Here are some simple suggestions to make it easier:

- * Make a date night. Regularly get together with a nice bottle of wine and review. Make sure there is transparency and understanding. Even if one is handling everything, both need to understand what is going on.
- * Write down your goals. Make sure they clearly state what each of you wants so you are both working in the same direction.
- * Discuss your accounts. *Where are we today? Are we on track for the goals we set?*
- * Have an emergency fund – six (if two incomes) to 12 (if one income) months of household bills.
- * Design a budget. This will help make sure both understand what the other expects.
- * Watch your spending. Make sure you watch the debt spending to prevent any real issues.
- * Protect each other! You have responsibilities now to another person. It is not just “you” anymore, it is “us”.

Commit to working together to make sure you have the following in place:

- ◆ Wills
- ◆ Springing Power of Attorney
- ◆ Financial Springing POA – Banks want to see it
- ◆ Living Will
- ◆ Health Care Directive
- ◆ Financial Accounts Review
- ◆ Health Insurance and Benefits Review
- ◆ Updated beneficiary information
- ◆ Updated names and addresses on personal records; including, Social Security, bank accounts, driver's license.

Be honest and considerate. This is a tough topic for people to talk about. Listen closely to the other, but make sure you are also heard.

There are plenty of free resources to help you with this journey. New apps are coming out every day. Don't be shy about asking for help. This can be complicated and new for both of you, but is also useful in helping each other grow into a comfortable financial life together.



Cheers!