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I Do, We Plan: Financial Strategies for Couples Tying the Knot

Getting married is such an exciting milestone in your life; we hope you and your spouse have many amazing years together!

This new phase of life brings exciting new experiences - like figuring out how to manage your finances together. To get started on the right track, take some time (after the honeymoon, of course!) to review where you're both at financially and then make a plan for the future accounting for your new combined goals, obligations, and values.

To help you get started with this process, here are 10 things you and your spouse can focus on to create a healthy and strong financial foundation for your new marriage.

#1: Align Your Financial Goals

First things first, it's important to make sure you're both on the same page when it comes to your immediate, near-term, and long-term financial goals. While it's easy to assume you and your spouse share the same values, unless you actually talk through them, you may be surprised to learn that you have differing views or visions for the future.

Knowing upfront what each other's expectations are allows you to work together to achieve them.

As you talk through your shared priorities, such as homeownership, traveling and vacations, or starting a family, be sure to discuss timelines as well. Timing can really affect your savings strategy and financial priorities.

Don't be afraid to bring up any individual goals either of you may have as well, such as going back to school for a Master's degree, starting a side hustle, taking a sabbatical, or anything else you'd like to work toward.

With both your individual and shared goals, you can create an ideal vision for your financial future together.

#2: Encourage Open Communication About Each Other's Finances

It may feel scary or uncomfortable to talk about money. But remember, you and your spouse are a team. Establishing trust and open and honest communication about money from the get-go, will make your relationship even stronger and help avoid potential conflict in the future.

If you haven't already, consider sharing about your individual financial histories. This could include what money was like growing up, financial wins, and financial pain-points.

Use this as an opportunity to be transparent about all of it – especially previous or current debts, credit scores, assets or accounts your spouse may not know about, bad investments, etc.. Although the vulnerability might seem intimidating, hiding things about your financial past (or present) won't help build the healthy financial foundation you're going for.

These discussions will likely give you insight into your personal values and attitudes toward money. And you'll probably find you both have your own unique perspectives—one person may be more apt to save, for example, while the other enjoys splurging on occasion. Talking about these differences now can create understanding and help prevent disagreements or resentment later on.

#3: Create a Joint Budget

Once you have an idea of what's important to your family and the different saving and spending habits you're each bringing to the table, work together to create a joint budget that reflects your combined values and goals.

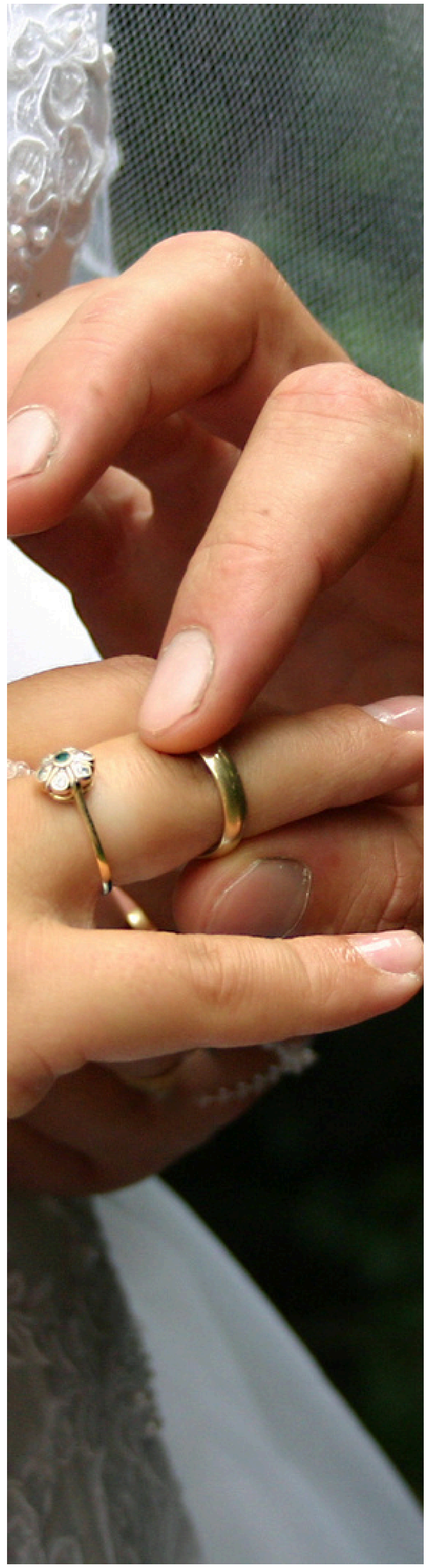
You might hear budgeting and think it has to be something complex. It doesn't. Our motto is, "Simple first, sexy later". Take this same approach when making your family budget and consider using an intuitive app like Monarch or YNAB.

Apps like these link to your various bank and credit card accounts, track your spending, and streamline your budget- enabling you to stay on top of your family's finances.

If you've recently combined households, this is also a great time to talk about who should be responsible for what things, like bill paying, making savings contributions, discretionary spending, etc. Keep in mind that there's no rule that says you have to split every expense 50/50.

You and your spouse get to choose what feels best for your specific situation. What matters most is that you're on the same page about your family's spending plan.

If you two earn different incomes, it can be helpful to each contribute a percentage of income to your family budget. For example, it may make sense to split things 75/25 if one spouse brings in 75% of the family income and the other brings in 25%.



#4: Establish an Emergency Fund

Within your budget and savings goals, be sure to prioritize building a joint emergency fund to cover unexpected expenses. There's no hard and fast number that you need to have saved for emergencies.

A general rule of thumb is to have enough to cover three to six month's worth of expenses. If you're a single income family, I'd suggest having closer to six month's saved, but if you both make similar incomes, you may be comfortable with three months of emergency savings.

Work together to determine an appropriate "emergency amount" for your family based on your own monthly expenses, financial goals, and level of job security. For example, if you're self-employed or otherwise in a "risky" employment scenario (like working for a start-up), you may want to increase that goal closer to 12 months or so.

We typically recommend sticking the money in a high yield savings account, where you can earn a little bit of interest, but still be able to access the funds quickly, if needed. A few savings accounts that we generally recommend are Betterment Cash accounts and Ally Bank Savings. Also, be sure to determine your family's guidelines for when and how it's appropriate to use the money you've set aside.

#5: Prioritize Debt Management and Repayment

If one or both of you have debt (student loans, credit cards, a mortgage, etc.), develop a plan to manage and pay off those existing debts. Using extra money from your budget is a great way to get started with a repayment strategy. Here are a few repayment options you might consider:

- **Snowball method:** Pay off the smallest loan first (regardless of interest rate), then use the money you were putting toward that loan to pay off the next smallest loan, and so forth until all the debt is paid off.
- **Avalanche method:** Pay off the loan with the highest interest rate first (regardless of size of the loan), then use the money you were putting toward that loan to pay off the next highest interest rate loan, and so on.
- **Refinancing:** Shop around for opportunities to obtain lower interest rates or better terms. Be sure to account for any potential costs associated with refinancing, such as a home appraisal (for mortgages).
- **Consolidating:** If you have a bunch of loans from different lenders with varying interest rates, you can simplify and combine them all into one consolidation loan where you'll only pay one loan with one interest rate each month.

Whatever repayment strategy you decide to pursue, you'll have the best chance of success if you also make a game plan to not incur additional debt while you work to repay.

#6: Consider Your Joint and Individual Cash Flow Preferences

Together, decide how you want your money to move in and out of your accounts. Some couples prefer to combine all their income and expenses into one joint checking account and one joint savings account, while others are more comfortable keeping their finances completely separate.

Some take a combined approach, having a joint account that they each contribute to monthly for bills and shared debts (like your mortgage or car loans), and then leaving their discretionary spending money (for shopping, eating out, coffee, etc.) in a separate personal account.

There really isn't a right or wrong way to set up your cash flow, as long as you discuss your preferences and find a solution that works for both of you.

#7: Review Your Insurance Coverage

Evaluate your current insurance policies and consolidate where possible. If, for example, you lived in two separate homes, you probably each had a renters or homeowners insurance policy. Now that you're living together, you'll likely just need one policy (assuming you no longer own or rent the other property). Oftentimes, there are also opportunities to bundle your car insurance together and combine your health insurance coverages to save more, too.

While it may be uncomfortable, it's also a good time to talk about what sort of protection you'd need if one of you became incapacitated or passed away unexpectedly. Consider getting life insurance, disability insurance (both short and long term), and long-term care insurance depending on your family's needs.

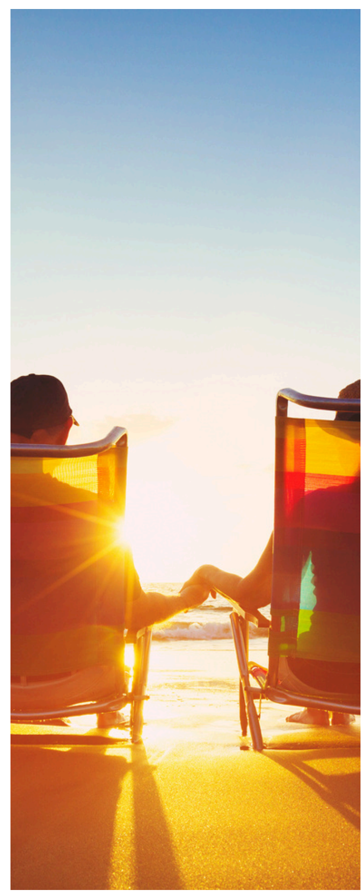
#8: Talk About Tax Planning and Filing Status

Now that you're married, you'll be able to file taxes as "married filing jointly" or "married filing separately." In most cases, "filing jointly" will lead to more tax savings, but everyone's circumstances will be different.

We highly recommend consulting a tax professional before filing your first return as a married couple so they can help you understand the potential advantages or disadvantages of filing jointly vs separately.

Also, you may find yourself in a new tax bracket as a couple or phased out of certain tax planning opportunities like being eligible for direct Roth IRA contributions, so it's really important to get a tax professional on your team to navigate through this big change.

#9: Consider Retirement



When planning for retirement as a couple, you can (and should!) work together to maximize your saving potential. Start by ensuring both of you take full advantage of your employer's 401(k) match if available - this is essentially free money for your retirement. As a general rule, aim to save at least 10% of your combined income for retirement, but strive to max out your retirement plans as your earnings increase over time.

While you may have previously qualified for Roth IRAs, your eligibility might change as your income grows. It's worth exploring this option and understanding the current income limits and contribution rules. For those who are self-employed or small business owners, consider setting up a SEP-IRA or Solo 401(k) to boost your retirement savings further. These plans offer higher contribution limits and potential tax advantages that can significantly impact your long-term financial security.

#10: Establish a Basic Estate Plan

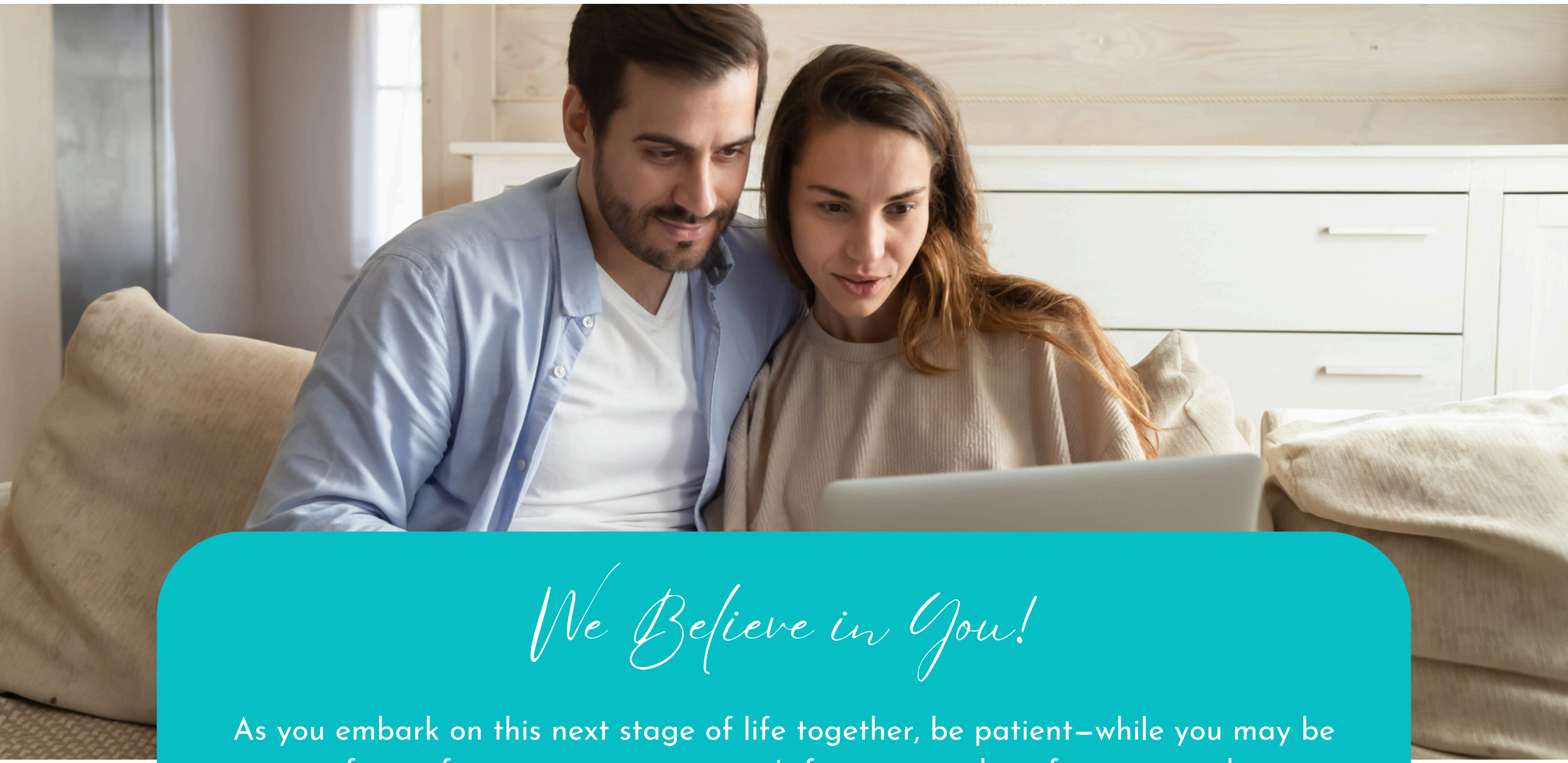
If you have a will, now's the time to update it to reflect your marital status. If you don't have a will, prioritize establishing one as soon as possible—you can even create a basic will online at places like Trust & Will for a super low cost. Regardless of how you set up your will, we recommend at least having it reviewed by an experienced estate attorney to ensure it's legally binding and accurately reflects your wishes. Trust & Will allows you to pay an additional fee to have it reviewed by an attorney.

You'll also want to talk to your attorney about establishing any other relevant estate documents like a power of attorney, healthcare directives, or a trust; these documents can help your new spouse navigate your care and make decisions on your behalf in the event you become incapacitated.

Another part of getting your estate plan squared away is making sure your beneficiaries are up to date. Check your old and current retirement accounts (401(k) plans, IRAs, etc.), life insurance policies, and other assets. Despite what your will may say, whoever's named the beneficiary will have legal rights to the assets (even if it's an ex-spouse or another family member). Once you've updated your estate planning documents, it's important to update your beneficiaries to reflect your wishes.

BONUS: Schedule Regular Financial Check-Ins

Once you have your financial foundation in place, create a financial check-in "date night" with your spouse every month or quarter to assess the progress you're making toward your goals. Use these meetings as an opportunity to talk through any changes to your income, expenses, major purchases, or financial priorities. Don't forget, to celebrate your financial wins (like paying off a loan!) at these check-ins as well. And, order your favorite bottle of wine to treat yourselves for prioritizing your money management in your marriage!



We Believe in You!

As you embark on this next stage of life together, be patient—while you may be aiming for perfection in your marriage's finances, reality often gets in the way. However, setting out to establish a strong financial foundation from the beginning will make the ups and downs of the journey much easier.

Keep collaborating, communicating, and sharing your commitment, and you'll be on your way. We wish you the very best as you embark on this exciting new journey together! If you need help working through any of the items shared above, don't hesitate to reach out to our team for assistance.

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