

# Prepare Your Finances For Marriage

By Suzanne Akian

**N**ot too long ago, he went down on one knee, opened a tiny velvet box, slid a sparkling ring on your finger and proposed. In a single skipped heartbeat, the direction of your life changed: you went from single to engaged, from "I" to "we," and from planning a movie night with the girls to planning an affair for one hundred and fifty.

Ever since the proposal, your head has been filled with thoughts of flowers and gowns and romantic settings for your nuptials. Orchids or roses? Mermaid or sheath, and what color will the bridesmaids wear? A cozy country inn or a seaside ceremony?

And when you have a moment to breathe in the midst of the wedding planning, you may find yourself picturing a cottage with a white picket fence on a tidy street and perhaps even a stroller parked on the front stoop.

Imagine away. It's wonderful to dream about the new path your entwined lives will take now that you have committed to creating one together. But before you tie the knot, you should have an open, honest conversation about an important matter – a conversation that will likely set the tone for your entire married life: how you will approach finances as a couple.

Often, this is not an easy subject to broach. For some people, their finances are an intensely private subject. Some people feel that discussing money is crass or taboo. Others have negative associations with the topic, particularly if they heard their parents arguing about money in the home. Some may be embarrassed to disclose bad financial habits or challenges.

Still, communicating openly and honestly about money is critical.

There are many aspects of finances to discuss. Consider making a spreadsheet. It could include, on the plus side of the balance sheet:

**Your assets.** What are they? Will you co-mingle them, or keep them separate? Have either of you begun to save for retirement? Are you taking advantage of 401(k) plans at work?

Asset protection and insurance. Do you have adequate insurance, especially if children exist or are planned? Make sure you note who the beneficiary is, and whether it is a former spouse, partner or parent.

**And on the minus side of the spreadsheet:**

Your expenses. You should list all your anticipated expenses for mortgage/rent, transportation, food, entertainment, utilities, etc. And make sure to decide who will be responsible for paying the household bills.

**Your debts and liabilities.** These include student loans, credit card balances, and so on. Again, you must decide how these will be paid. Will you borrow from your parents? Will you pay it back?

It's also a good idea to discuss your respective financial "personalities." Are you both daredevils willing to take risks while young? Do you have money to invest and not touch for the foreseeable future, letting it accumulate slowly, riding out the market rises and falls? Does one of you have a trusted financial advisor with whom you are comfortable? What are your individual priorities? Is putting money away for future children's education more or less important than a vacation? How do you feel



about carrying debt? Can you work as a team? Are either of you accustomed to creating, and sticking to, a budget? Are you both willing to do so?

Finally, take a look at both your credit profiles, which will tell you a lot about each other, moneywise -- your individual credit score, whether you are an on-time or late payer, and whether you prefer cash or credit.

A conversation about joint finances should also include a discussion on spending patterns and beliefs. If one of you has been living paycheck to paycheck, is impulsive with spending, has no savings, and acquires every gadget, pair of shoes, or toy that money can buy, it could be a significant problem if the other is frugal or disciplined or simply believes it is important to save.

Which leads to the issue of a prenuptial agreement, a contract that basically ensures that any business or personal assets a spouse had when he or she entered into the marriage will be retained in the event of a divorce. The importance of a pre-nup cannot be overstated, particularly if one spouse-to-be comes from a significant amount of family wealth. Pre-nups are especially helpful for older couples or those who already have children, especially in the event one spouse has to go into a nursing home.

Along with a pre-nup, a revocable living trust can ensure that certain property or income is directed to someone other than your spouse. Or, couples can simply choose to retain separate bank accounts and keep real estate under their own names.

Whatever you discuss and decide before you tie the knot, it is imperative that you are open and honest, and that by the end, both of you know where the assets are, how they are titled, and how they are accessed.

The earlier in your relationship you have the "money talk," the earlier you can set a foundation of trust and teamwork for your finances as a married couple.

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