S&T Financial Services

A financial advisory practice of Ameriprise Financial Services, LLC

How to Manage Finances in a Marriage: Eight Tips to Prepare for Marriage Financially

This article was provided by Ameriprise Financial, a longstanding leader in advice and financial planning.

Approaching the conversation of how to manage your finances in a marriage doesn't have to be difficult. In fact, discussing your needs and financial goals with a financial advisor can help you and your future spouse get on the same page with your finances.

These Eight Tips Can Help You Learn How to Prepare for Marriage Financially:

1. Have a "money talk"
2. Create a budget
3. Manage debt
4. Decide on bank accounts: joint, separate or mixed
5. Understand your insurance options
6. Consider whether you want to purchase a home
7. Prepare a will
8. Understand existing family obligations

1. Have a "Money Talk"

One of the most primary pieces of marriage and finance advice is simply: Set up time to discuss finances with your partner. Honest financial conversations can help you avoid misunderstandings now and down the road. This conversation checklist can help you get started:

- **Start discussions sooner.** Set aside time for regular conversations to help you stay on the same page financially as your priorities and life circumstances evolve. Talk about family finances before you get married and before a major life event occurs, such as buying a new house or having a child. Include how you will continue to communicate about your finances along the way.
- **Create shared goals and priorities.** Talk about your vision of the future. What's important to you now, and what do you want to achieve in five to ten years? What are your goals for retirement? Set an agenda to help stay focused. Be realistic about what you can cover in each session, and plan for complex topics to take a few meetings.
- **Discuss financial mistakes openly.** If either of you have made financial mistakes in the past, talk about it openly with your partner but without pointing the finger.
- **Work with an advisor.** A financial advisor can help guide money conversations and provide guidance for the long term. They'll take the time to understand what's truly important to you and your spouse and provide personalized advice based on your goals and needs as a couple.

2. Create a Budget

A budget can help you understand your current spending patterns and align your day-to-day habits with your long-term financial priorities and values.

Some couples designate one spouse to manage the budget, while others may take turns keeping records and paying the bills. Whatever your approach, ensure you're both aligned and keep your records somewhere you both can easily locate important documents, when needed.

3. Manage Debt

Learning how to manage finances in a marriage means learning how to manage debt. Managing debt can be a stressful process. When getting married, one spouse may have more debt than the other, or you both may have debt from credit cards, student loans, etc. The first step to tackle debt is to create a plan. Based on your budget, decide how much money you have available to pay down your debts each month. For student loans, pick the most feasible repayment option.

It's important to be upfront when managing debt and to have a safe space to discuss solutions. An Ameriprise financial advisor will help factor debt management into your financial strategy.

4. Decide on Bank Accounts: Joint, Separate or Mixed

To prepare for marriage financially, some couples merge their bank accounts, others keep them separate and some have a mixture of both.

For example, some couples find it helpful to set up a combination of joint accounts for shared household expenses and separate accounts for personal spending. Whichever decision you make as a couple, plan to discuss it early in the marriage.

Joint Bank Account vs. Separate Bank Accounts in Marriage

Pros of joint bank accounts	Cons of joint bank accounts
• Easier record keeping and lower maintenance fees. • Clear view of where money is spent and where there may be opportunities for savings.	• More difficult to keep track of how much money is in joint account when two individuals have access to it. • Hard to keep spending on surprises or gifts a secret.

Pros of separate bank accounts	Cons of separate bank accounts
• Allow each spouse to have an individual degree of freedom over their finances. • Both spouses must be responsible within their accounts and budgets.	• Less visibility into spouse's accounts and spending habits. • Difficult access to funds in times of emergency unless paperwork is filed, in advance.

5. Review Your Insurance Options

An important piece of marriage finance advice is for you and your spouse to discuss insurance coverage plans. Understand the different types of insurance available and decide together which are the best for your family.

- **Health insurance.** If each of you has separate health insurance coverage, do a cost and benefit analysis for both plans. Which is better—the family plan or two single plans? Which plan has a higher deductible and higher copayments? Which offers the most benefits?
- **Auto and home insurance.** Consider consolidating your auto insurance policies along with your homeowners or renters insurance with one company. Many companies will give you a discount if you insure more than one car with them. If one of you has a poor driving record, however, make sure changing companies won't mean paying a higher premium.

- **Life insurance and disability income insurance.** It's always advisable to be prepared for an unforeseeable situation such as an illness, disability or a death. An Ameriprise financial advisor can help you determine the type and amount of coverage to help protect and secure your family's financial future.

6. Consider Whether You Want to Purchase a Home

Buying a home is a long-term investment and one of the biggest reasons why it's so important to understand how to manage your finances in a marriage. Before you purchase a home, review your financial situation carefully, including these actions:

- Check your credit score
- Save for a down payment
- Get pre-qualified for a mortgage loan

Once all the necessary items are in order, decide together where you want to live and the must-haves in a home. Being on the same page with your spouse about these details will make your house hunting easier.

7. Prepare a Will and Update Your Beneficiaries

Consider preparing a will early in your marriage, especially if you and your spouse already have children, or plan to, at some point in your marriage.

A will allows you to specify who will care for your minor children and where your assets will go to in the event of your passing. Even if your estate is modest or you are young, having a legally valid and up-to-date will can provide peace of mind for you, your family and loved ones.

Updating your beneficiaries on your financial accounts is also an important action to take as you prepare financially for marriage, because a will does not supersede beneficiary designations in determining who receives your assets after you die. Thus, all financial accounts (regardless of size) should have beneficiaries named—and updated over time, as needed.

8. Understand Existing Family Obligations

Do you or your spouse have children from another relationship? Has your spouse been previously married? If so, it's important to determine how existing obligations—like payments for child or spousal support, for example—will impact your budget. Additionally, it may also affect where you decide to buy a home, determine beneficiaries in a will and inform the level and type of insurance you select.

Help You Plan for Your Future

When you get married, your lives change. So does your financial situation. A financial advisor with S&T Financial Services, a financial advisory practice of Ameriprise Financial Services, LLC, can help you learn how to prepare for marriage financially with personalized advice as you start this new chapter.

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