GETTING MARRIED

Wedding Season: 3 Steps to Empower Your Finances as a New Couple

Whether you're getting married or just moving in together, every couple needs to come to an understanding about how they will handle money and learn what benefits their coupledom may afford them.

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Wedding season is in full swing, and along with all the beauty and joy that it can bring, it's also important to keep in mind that with marriage comes a fair amount of financial decisions and plans to be made. To be sure these are not always the first things we think about, but given my career in finance, I can't help but bring them front and center.

Whether you are already part of a "we" or are forging a new connection, you'll need a strong financial foundation for a meaningful and sustainable future. It may not sound romantic at first, but if you're on the verge of moving your relationship forward in a big way, these three steps can help you deepen one of the most important bonds a couple can share: your finances.

Step 1: Have the (Money) Talk

Intermingling your finances can be a challenging journey. According to the AICPA, over 70% of married or cohabitating couples have clashed over financial decisions in the last year, with nearly half of them saying the tension negatively affected their intimacy. So, you can see that it's very important to be honest with each other and work to get on the same page.

Working with a financial professional is one way to help guide a productive conversation with your partner. Many employers offer access to these professionals through workplace benefits like financial wellness — check in with your organization to see what's on tap. For example, financial advisers often advise couples to start by sharing your ideas for what you want your lives to look like. Listen for what you have in common and what may differ, and then identify top priorities (like paying off debt, saving for a home, or starting a family).

One simple way to get started is by writing questions on index cards and taking turns picking important topics to talk through, like:

- How were you raised to think about money?
- How do you feel about charitable giving? Do you like to financially support specific causes?
- What do you consider wasteful spending? Do you "count pennies" or "treat yourself"?
- Do you have any financial pet peeves, like impulsive spending or meme stocks?
- If you received a $1,000 cash windfall tomorrow, what would you do with it and why?
- What do you want to accomplish with your money? What does financial success mean to you?
- What are your ambitions for your career, income and lifestyle?
- What are some of your biggest financial concerns about the next five to 10 years? Twenty to 25 years?
- What does your dream retirement look like?

Keep in mind, the "money talk" isn't a one-time deal. If you have different approaches to money (as many of us do), it can take time to find common ground. Try setting up quarterly or monthly "money dates" to stay connected and address any challenges or questions that pop up.

NYSUT NOTE: Are you a new couple and looking to get off on the right foot financially? Check out the NYSUT Member Benefits Corporation-endorsed Financial Counseling Program, available to all NYSUT members. This program offers access to a team of Certified Financial Planners® and Registered Investment Advisors that can provide unbiased advice customized specifically for your financial situation. Visit the website for more information or to get started today.

Step 2: Choose Your Own (Financial) Adventure

Once you get a big-picture sense of each other's financial compatibility, goals and values, the next step is to get more granular about a shared financial life.

When you're weighing how to combine your financial lives, think about your level of trust, how long you've been together and any income disparities between the two of you. There are three general approaches couples often take:

- "All In," where you combine and share your accounts and pay all expenses together.
- "Separate," in which you keep your own accounts and delegate certain expenses between you.

- "Yours, Mine and Ours," where you open a joint account for common expenses but also keep separate accounts for individual costs.

The more you combine your financial lives, the more you may want to consider creating a joint budget — especially if you are living together. List all debt (plus interest rates), income, expected inheritances and assets. From there, you can decide how much you are each going to contribute toward shared expenses and goals every month. Then, stick to your budget.

It's important to work toward common goals, so take the time to understand how your financial behaviors fit together and how your choices may affect opportunities, such as access to workplace benefits and credit. For example, how you each handle debt can directly affect your credit score. While financial autonomy is important, so is equity and transparency.

Step 3: Formalize Your (Financial) Partnership

There are a few ways to formalize your partnership, financially and legally: marriage, domestic partnership and cohabitation agreements. This decision is especially important for estate planning, but there are different considerations for each type of commitment.

Marriage provides access to wealth-building workplace benefits and health care coverage; eligibility for workers' compensation, disability and retirement plan spousal benefits; Social Security spousal benefits; more effective estate planning and gifting strategies; and possible tax breaks (check with your tax adviser). A prenuptial agreement may be prudent if one of you owns a business, has a child, expects an inheritance or carries debt. You can also make postnuptial agreements after you are married.

Domestic partnership rules vary by state, but the law doesn't recognize domestic partners as "family," and you may want to draw up further legal arrangements. A cohabitation agreement defines who owns what, as well as any financial obligations after a breakup. If you decide on either a domestic partnership or cohabitation agreement, check with your employer to see what support may be available — for example, some employers qualify domestic partners for the same coverage as spouses in terms of health care, financial wellness and other workplace benefits.

Whatever route you choose, be sure to build a support team. Look for an accountant to advise you on tax strategies specific to your situation, attorneys to help safeguard your interests, and a financial adviser (perhaps through the workplace) to help you understand your assets and help you and your partner reach your shared goals.

Modern Love

The reality is that money is a day-to-day factor in most relationships. And as your relationship grows, conversations and shared habits around your finances will become more important.

By better understanding each other's expectations, setting shared goals and mapping out your journey as a couple, you can build a healthy financial foundation for the future, together.

*This article was written by and presents the views of our contributing adviser, not the Kiplinger editorial staff. You can check adviser records with the **SEC** or with **FINRA**.*

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