

Love & Money: An Engaged Couple's Guide to Financial Bliss

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Money can't buy you love, but it can definitely complicate things. The good news is that, with some early efforts and good communication, it does not have to be an ongoing source of marital discord. Being engaged and newly married can be a magical time that is filled with plans and dreams of your future together. However, a big part of that future has to do with the shape of and expectations surrounding your finances. So, before you pop the big question, or say yes in response, here are a few suggestions to help you achieve financial bliss...till death do you part.

Full Disclosure. Once you are committed to marrying, one of the first steps you need to take is to be open and honest with each other about your individual finances. This includes your income, investments, credit history, debt (yes...all of it) and retirement plans. It's a good idea to review your credit reports at this time as well. This will be particularly important when it is time to buy a home, car, or even insurance. For these purchases you will likely want to rely on joint financing, and knowing what is in your credit reports ahead of time will help you plan accordingly. Marriage is about sharing your life together, and if you are not willing or able to share your financial history and plans with your future spouse, you may experience serious marital stress down the road.

The Ties That Bind. Another source of money madness between couples has to do with your respective families' values, habits, and past experiences regarding money. If one comes from a frugal household and the other from a family with a very casual attitude about money, this difference can create its own challenges. You need to discuss each other's expectations and attitudes about how to spend and save so that you can try to come to a common understanding of how to work together going forward. You also need to decide what your financial priorities are as a couple.

Yours, Mine, and Ours. Will you and your spouse-to-be keep your finances separated or combine them? Surveys show that the majority of married couples merge their finances into joint accounts. However you need to consider individual money styles and find a system that works for you. Couples that marry later tend to have already established money habits and more debt so they may consider keeping finances separate. Younger couples may be more receptive to change and could benefit from combined account management. Your decision here may also affect how you handle your taxes. Whatever approach you decide to take, the important thing is to not keep secrets. Hidden accounts and secret purchases signify deeper trust issues and will quickly lead to other, more serious relationship problems.

Family Planning. After you have discussed your individual situations, your attitudes about money, and how to structure your accounts, next you need to agree on an approach to managing your everyday finances and planning for your future. The best way to address both of these needs is to create a budget

and savings plan. First, calculate your expenses and discuss how bills will be paid. Decide who will be responsible for physically writing the checks or managing the bills online, monitoring investments and taking care of the taxes. Next, negotiate a budget that incorporates everyday money matters. How much can you spend and what types of purchases can you make independently without consulting each other? Discuss your financial goals and priorities and map out how you are going to save and invest to get there. Lastly, keep track of your progress. Consider setting a date every month to review and discuss finances, particularly if you keep some or all of your money separate. This will help you decide what types of adjustments you may need to make to reach your goals and will keep any unpleasant surprises to a minimum.

In the end, successfully managing your finances together is more about communication than money. If you are both committed to being honest about your financial past, your expectations of the future, and willing to keep talking along the way, you will find that money problems will not bankrupt your relationship.