

## Resolving Financial Issues Before Marriage

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Personal financial topics are often some of the most difficult topics for people to discuss. But since financial issues often cause significant problems in marriages, you should try to reach agreement on your finances before your wedding. Some items to consider include:

Where do you want to be in five or 10 years? Our dreams for the future often come with price tags. If one spouse wants to continue his/her education or start a business, significant sums may be needed for that goal. If children are part of your future plans, when you have those children, how many you have, and whether both of you continue working will have a significant impact on your finances. Planning now will allow you to set priorities and start saving for those goals.

What assets and liabilities are each of you bringing to the marriage? Preparing a combined net worth statement will give you a starting point for determining how you can help achieve your financial goals. If one or both of you have significant assets, you might want to consider a prenuptial agreement to spell out what happens to your assets in the event of death or divorce.

Do either of you have credit problems? When you apply jointly for credit, both of your credit histories will be evaluated. Thus, if one of you has an outstanding credit history and the other has credit problems, it can affect the approval process and your debt's cost. If one of you has credit problems, work hard during the early years of your marriage to correct those problems.

Should you combine your finances or keep them separate? Some couples prefer pooling all funds, thinking it helps create a feeling of unity. Others, however, have difficulty losing their financial autonomy, especially if they have been on their own for many years. Keep in mind that this is not an either/or decision. You can set up a joint account for shared expenses, with each spouse contributing a pre-designated amount to the account. For the remaining funds, separate accounts can be kept for discretionary spending.

How will you handle spending decisions? The process of defining goals and setting a budget can help resolve differing views about money matters, forcing couples to compromise and make joint

decisions about how money will be spent. While that might seem like a painful process, addressing these issues now can help prevent future misunderstandings. You may want to set a maximum amount that each of you can spend without consulting the other.

How will you handle insurance? If you both have medical insurance through your employers, it may be cheaper to select one plan for both of you. Combining auto insurance may also reduce premiums. You'll also want to evaluate your life insurance.

Who will handle financial tasks? Decide who will handle financial tasks. One person may be more suited for these tasks due to his/her background or time availability. However, the other spouse should not give up total control. Set up a formal time, perhaps monthly, to go over financial matters. This keeps both spouses informed and provides a designated time to discuss spending or items of concern. You then won't fret about how to bring up financial topics or let finances interfere at other times.

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