5 Money Management Tips For Newly Married Couples

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One of the keys to a successful marriage is developing a shared approach to managing your finances. It's important to start off on the right foot by talking about money management and coming up with a solid plan to deal with budgeting, spending, and investing. Following are five tips on money management for newly married couples to make sure you get on the right track for managing your joint finances .

1. Discuss your assets and debts

When you're married, it's important to know where you stand financially as a couple and to understand each other's personal financial situation. Review bank statements, investment statements, credit card statements, and other documents to list your combined assets and your combined debts. In addition, share all information related to salaries, income, and spending over the past year.

Discussing all aspects of your finances as a couple prevents you from being blindsided later. Once you have a snapshot of your financial situation, you can focus on making a savings plan and tackling your debts.

2. Define your savings goals

After examining your combined financial profiles, it's time to discuss goal-setting. Ideally, you've already started the conversation and discussed your debt payoff plan, savings goals, retirement planning, and whether you'll have children and, if so, how many and when.

To achieve your goals, you first need to agree on what they are. Start by independently listing your top goals, what you think your spouse's top goals are, and what you think your top goals are together. Share your lists with one another to shape a joint plan. Also, be sure to keep in mind your future plans when developing your goals. For instance, if you plan on having children, that will likely affect where you choose live and the size home you will need.

Next, list the specific action steps you'll need to take to achieve each goal and your time frame for completing them. People who identify specific goals make faster progress toward their savings and investing targets.

3. Decide on joint or separate bank accounts

There are both pros and cons to opening a joint bank account or maintaining individual accounts when married. You can even do both.

Having a joint account offers a number of benefits. Sharing an account allows each of you to access your money when you need it. In addition, some legal affairs are also streamlined with joint bank accounts. In the event that one of you passes away, the other will retain access to the funds in a joint account without having to refer to a will or go through the legal system to claim the money. Finally, there's a smaller chance of encountering any financial "surprises," since all money goes into and comes out of one account.

One major drawback to sharing a bank account is that it can cause issues in a marriage when spouses aren't communicating about their account activity. A joint account can also be problematic if your relationship ends since it can be messy to separate funds.

While sharing a bank account can simplify your money management system, you may feel a loss of financial independence with a joint bank account. If you're looking to maintain a degree of freedom over your finances, many married couples choose to maintain both joint and separate accounts. This way, you both enjoy the benefits of a joint account while still maintaining the independence of divided finances.

4. Consolidate monthly payments and subscriptions

Maintaining one household is typically less expensive than living separately. If you've combined households, you'll likely be maintaining only one homeowners or renters insurance policy. However, make sure the sole policy has enough coverage to protect your combined household goods–especially items that are typically limited, such as jewelry, computer equipment, collectibles, etc.

Paying less for housing is only one of many ways you can save. Cell phone providers and car insurers—as well as facilities like gyms—often offer better deals when you sign up jointly. You don't need multiple Netflix or Amazon Prime accounts either.

If both of you have health insurance coverage, review the plans closely to see if it makes more sense to cancel one of the plans or keep both. You typically have 30 days after your marriage to add your spouse as a dependent without providing evidence of insurability.

5. Create wills and trusts

One of the first things to do after getting married is review and update your beneficiaries on key financial accounts, including your investment accounts, savings accounts, 401(k) plans, IRAs, and insurance policies (life, health, auto, and homeowners). Your beneficiary designations should ensure that your new spouse inherits these assets should something happen to you.

If you have a will, you also need to update it and include your spouse as a beneficiary. Also, if neither of you have written a will, that's something you'll want to do sooner rather than later. Additionally, if either of you are bringing considerable assets into the marriage, it may be a good idea to talk to an estate planning attorney about drafting a will and setting up a living trust to manage your assets.

Forming a New Financial Life

Marriage and money can be tricky, but the best thing you can do is be open and honest. Start off on the right foot by talking about money management and coming up with a solid plan to deal with budgeting, spending, and investing. For more information on forming good habits for money management for newly married couples, contact our Premier Services team today at (214) 252-4000.