A Marriage Starter Plan for Finances: Even If You're Late to the Party

Of course, the sooner the better, but it's never too late for couples to get on the same page financially. Here are some points to discuss.

This year has put a wrench in a lot of plans, and wedding plans were no exception. If you have a wedding planned within the coming months, or your wedding has been postponed because of the COVID-19 pandemic, now is a great time to sit down and plan for your financial future together.

Finances are one of the biggest points of contention for many married couples. When partners don't agree about spending habits, how much to save and how to handle paying off debt, it can lead to stress, arguments and resentment.

Discuss Financial Goals Together

It's easier to stay on the same page when you're clear about what your goals are. Do you want to save for a down payment on a house? Maybe you'd like to pay off those student loans. Whatever your financial goals are, make sure they're clear, realistic and actionable.

Describe exactly what the goal is and set a deadline for when you'd like to reach it. Be open and honest about your goals, and remember you're both on the same team, trying to get to the destination together. Of course, unforeseen expenses may come up, so it's OK to adjust these goals as necessary. Don't forget to check in with your goals at least annually (or preferably more often) to make sure you're still on the right track.

Plan for the Future

When finances are tight, it's tough to look ahead to the future, but it's still an essential part of your financial plan as a couple. It's important to review all your benefits from work. Is it cheaper for your spouse to be covered by your employer's medical insurance plan? Are you utilizing all the benefits offered? This is one area that many couples forget about when trying to save money.

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Next, think about legal documentation. If you don't have a will in place, it may be time to hire a lawyer to help. If you do have a will, does it need to be updated so your spouse is your beneficiary? Other documents in your estate plan include trusts and power of attorney, so make sure everything is covered.

Click here to learn more about the NYSUT Member Benefits Trust-endorsed Legal Service Plan.

Another aspect of planning for the future is setting aside money in an emergency fund. Experts usually suggest that you set aside between three and six months' worth of expenses in an easily accessible form (i.e., a savings account or money market account), so if you suddenly lose your job you aren't scrambling to pay bills. Emergency funds can also be used to pay for unexpected medical care, broken appliances or unforeseen car repairs. It's impossible to predict the future, so having a financial backup plan can really help you stay prepared.

Click here to learn more about the NYSUT Member Benefits Corporation-endorsed Synchrony Bank Savings Program which offers online savings accounts with competitive interest rates.

Set a Budget

One of the best things you can do to keep your financial plan on track is to set a budget as a couple. When you were single, your spending only affected you, but now, what you spend affects both of you. First, think about how much you need to cover your basic expenses. This includes rent or mortgage, energy bills, food, internet and phone bills, and minimum payments on loans. Next, set aside money for saving for both the short and long term. You can save for big purchases — such as a vacation, a car or a house — or smaller ones, such as a new gaming console. And don't forget about retirement! If your work doesn't have a 401(k) program, and you haven't already started saving, it's important to set aside a percentage of your income in an IRA (individual retirement account).

A great place to start with a budget is the 20/30/50 rule, where 50% of your income goes towards needs, 30% of your income goes towards wants, and 20% of your budget goes into long-term savings. This way, discretionary spending is worked into your budget, so you don't have to feel guilty about spending money on date night or a new pair of shoes. Once your budget is determined, track all the money you spend to see if there are areas you can cut on discretionary spending. While a cup of coffee or a takeout lunch is a nice treat, it can quickly add up if you indulge every day. These everyday expenses may seem small, but when you track expenses with your budget it's easier to see exactly what you're spending money on and what expenses can be eliminated.

Click here to learn more about the NYSUT Member Benefits Corporation-endorsed Cambridge Credit Counseling program which provides budget assistance.

Other Financial Considerations

Don't forget that married couples have some tax advantages, such as the ability to file a joint tax return. Joint filers are given one of the largest standard deductions each year and usually qualify for multiple tax credits. Talk with a CPA to learn how to take advantage of these. In addition, talk about whether you'd like to completely join your finances, or have both joint and separate accounts. Not every couple is totally comfortable sharing joint finances, so it's totally normal to have separate accounts for discretionary spending and a joint account for family expenses.

Putting together a financial plan for your future is a great first step toward a financially healthy future. And if 2020 has taught us anything, it's to always be prepared for the unexpected with a solid emergency fund and a realistic budget.

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

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