

"Is There a Wedding in your Future?"

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Congratulations to those with wedding plans. If you are like most future newlyweds, you are currently caught up in all the details of planning your wedding, picking your attire, flowers and menu. One important detail many couples overlook is personal financial planning. Carefully planning now how you and your partner will handle finances can really pay off in the future.

Before the I Do's

As you have probably heard, finances are often the greatest source of strain in a marriage. Before the wedding, talk with your partner about your financial situation and expectations. You may want to discuss with your financial advisor whether a prenuptial agreement is advisable for you.

List your individual assets. What do each of you earn, and what other sources of income do you have? What do you own? What do you still owe? Who will hold title to the property acquired before and during the marriage? Will one partner stay home after the marriage to take care of the house and kids?

It is imperative that you be honest and open with each other. Disclose all of your financial obligations, such as child support and alimony payments, student loans, and personal liabilities. Is caring for an elderly parent going to be an issue?

Together, you should discuss whether to have separate bank accounts, a joint account, or some combination of both. Decide who will pay which bill. Talk about your financial past. The time to find out about credit problems is not when you are applying for the mortgage to your first home together.

Talk about the need to partake in risk management. Discuss insurance needs. Do you have adequate amounts of life, health, disability and property insurance? Evaluate whether to combine your health insurance or maintain separate policies.

After the Honeymoon

After the honeymoon, review and revise all of your financial documents. If appropriate, change the beneficiary designations on life insurance policies, retirement accounts, living trusts, and annuities. This is especially important if you are remarrying. Make it a priority to draft or revise your wills and/or trusts. If you have children from a previous marriage, make sure you don't unintentionally disinherit them by not having the proper legal documents. Discuss the option of giving each other durable power of attorney in case of emergencies.

Together develop a record keeping and filing system. Agree upon a percentage of income to be spent on household expenses and savings plans. Consider allotting a set amount to each partner for "mad money" - an amount of money to spend any way each person desires, and they don't have to justify the expense to the other partner.

Agree on a budget and stick to it! Develop a savings plan. Set savings goals for the short-term, intermediate-term, and long-term. Automatic deductions from your paycheck or through your bank give you a much greater likelihood of success. Consider consolidating all pre-marital debts into one repayment plan.

Plan for your future NOW.

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Creating your financial plan is crucial to achieving your future goals. The financial planning process involves assessing your current situation and setting financial and personal goals before implementing financial decisions.

Most Licensed Cambridge Advisors offer a starter retainer that makes a perfect gift for young newlyweds as they begin the journey into their new life together.

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