

# Marriage and Money: How do we combine our finances?

Powercat Financial Counseling



# Communication is Key

- Attitudes and expectations of money
- Personality in regards to money
  - Big Spender
  - Saver
  - Shopper
  - Debtor
  - Investor
- Family history – Parental modeling
- Habits
- Financial Goals
- Assets
  - Heir
  - Family Business
  - Retirement Account
  - Savings
- Debts
  - Credit Cards
  - Loans
  - Gambling
  - Bankruptcy





# Setting the Stage



- Schedule time for discussion
- Be goal- oriented
- Speak honestly
- Admit mistakes
- Don't judge
- Listen attentively
- Look at numbers
- Create plan to reach goals
- Talk about finances regularly

# Nerds and Free Spirits

## Rules for the Nerd:

- ❖ Listen
- ❖ Take input
- ❖ Keep it brief

## Rules for the Free Spirit:

- ❖ Show up
- ❖ Give input
- ❖ Be realistic



# Banking – Joint or Separate?

- ❖ Not mandatory to have a joint checking account
- ❖ Variety of options
  - ❖ One joint account
  - ❖ Two separate accounts
    - ❖ Each monthly bill allocated to an individual
  - ❖ Joint account for family expenses and separate accounts for personal spending
    - ❖ Each person contributes certain dollar amount or percentage of income to family expenses
- ❖ Whatever you decide, make sure both of feel comfortable and understand the parameters you've established



# What Should We Never Combine?

- ❖ Pre-existing Debt:
  - ❖ Credit Card Debt
  - ❖ Student Loans
  - ❖ Auto Loans
- ❖ Keep in Original Owner's Name
- ❖ Develop Plan for Repayment





# How to Get Started

- ❖ Establish individual and joint financial goals
  - ❖ These goals can cover savings, housing, family, transportation, budget, career, investments, retirement, etc.
  - ❖ Goals should be SMART so that you are motivated to carry them out
    - ❖ Specific
    - ❖ Measurable
    - ❖ Achievable
    - ❖ Realistic
    - ❖ Time-sensitive
- ❖ Create a spending plan



# What is a Spending Plan?

- ❖ A spending plan is a way to keep track of the money you have coming in (income) and the money you have going out (expenses)
- ❖ Creating a spending plan allows you to map how you want to allocate your money
- ❖ A spending plan can allow you to meet your financial goals



# Income

- Include income from all sources
- Estimate income first from memory, then use bank records to record actual income
- Look forward to estimate your income for next month

Source	Estimate	Actual	Expected
Salary	2,900	2,659	
Salary #2			
Loans			
Benefits			
Craigs List	250	294	
Etsy	150	132	
Other Income			
<b>Total Monthly Income</b>	3,300	3,085	

# Expenses

- Again, estimate what you spend before looking at your records
- Consider not just the big dollar items, but also the smaller things that can really add up
- Track your spending

	Estimate	Actual	Need/Want	Plan
Mortgage or Rent	600	600	need	600
Electricity/Gas				
Water/Sewer				
Telephone/Internet/Cable				
Car Payment				
Car Insurance	150	130	need	130
Home/Renter's Insurance				
Life/Health Insurance				
Groceries				
Meals Out	100	180	want	125
Gasoline				
Property Taxes				
Gourmet Coffee	15	30	want	5



# How can I track my spending?

- ❖ Spending notebook
- ❖ Receipt method
- ❖ Check register method
- ❖ Account book method
- ❖ Envelope method
- ❖ Bank provided finance program
- ❖ Online personal finance program
- ❖ Smart phone apps
- ❖ Software

Total Monthly Income
<u>- Total Monthly Expenses</u>
<b>Balance</b>

- ❖ Once you've subtracted your expenses from your total income, you will see if you have money left over or if you are spending above your income
- ❖ If expenses are greater than income you have two options
  - ❖ Cut expenses
  - ❖ Increase your income
  - ❖ Adjust withholdings
- ❖ Determine areas that are “wants” where you can cut back
- ❖ Set priorities
- ❖ Be sure your spending plan reflects your values and financial goals
- ❖ Establish an Emergency Fund of 3-6 months worth of expenses



# Update Accounts

- ❖ Look into discounts for married couples and review coverage when combining auto policies
- ❖ Are there duplications in your employee benefits?
- ❖ Change beneficiaries on life insurance policies and retirement accounts
- ❖ Update state and federal withholding at HR
- ❖ Determine if combining cell plans, memberships, etc. would be more cost effective
- ❖ Record name change, if applicable.

# Things to Ponder

- ❖ Will one of you be primarily responsible for money handling?  
Is one person better at certain aspects than the other?
- ❖ How will you combine your physical assets? Can you sell any duplicates to pay down debt?
- ❖ Can you live on one income and use the other to meet financial goals?
- ❖ Do you need a prenuptial agreement?
- ❖ Should you set a predetermined limit on frivolous spending?  
Discuss ground rules for large and small spending.
- ❖ Set up regular appointments to discuss your finances and progress toward goals.
- ❖ There are tax advantages to being married. These occur not only at tax time, but also in regards to retirement plans and when your spouses passes away.





# Credit Reports and Loans

- ❖ You and your partner are each entitled to a free credit report from each of the three reporting bureaus every year.  
[www.annualcreditreport.com](http://www.annualcreditreport.com)
- ❖ Your pre-existing debt does not automatically appear on your spouse's credit report.
- ❖ When applying for a loan such as a mortgage, check with your bank to see how it uses both of your scores to determine your rate and terms.



# Questions???

Contact us or make a free appointment:  
Powercat Financial Counseling  
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