

JOINING FINANCIAL FORCES

COUPLES NEED TO BE OPEN ABOUT THEIR SPENDING, CREDIT HISTORIES

BY KEN TARBOUS

In the weeks and months of planning leading up to your wedding day, you may be like many happy, loving couples who neglect to discuss an important aspect of your new lives together: your long-term financial future.

Married life intensifies complex financial situations where taxes, retirement plans, credit scores and other matters take on a new dynamic after the wedding. Very often each spouse has a different approach to money and personal finances.

Financial advisers say it's important to share your financial histories, be open about your spending and saving habits, and talk about not just the dollars and cents but also about your values and attitudes toward money.

"(Spouses) need to come clean with one another as far as anything in their past that could affect both of them going forward, like a bad credit history," says Barbara O'Neill, a financial management specialist with Rutgers Cooperative Extension. "They have to be really honest and share each other's credit reports with one another."

In many marriages, couples decide to combine some or all of their accounts, while others maintain separate financial lives. Combining accounts is a typical way to handle things, but there are pitfalls to avoid. Often times, one spouse may have a checkered financial history, which could influence a couple's decision on whether to combine their finances or wait for one partner to repair his or her credit.

"If one spouse has a poor credit score because of debts, you have to be very careful at that point about how you combine things," says David Walter, president of Halberstadt Financial Consultants in Princeton, who has seen two of his three children married in the past year. "One spouse's credit score can affect the other person's credit score, and, so, in terms of credit cards, it's good to keep separate cards in that type of situation, not have both names on the same account, because the poor credit

score will end up impacting the other credit score, which is usually not a good idea to do."

There's certainly no one-size-fits-all approach to personal finance strategy for couples, but financial planners say you need to consider the manner and timing of putting your money together. Walter advises newly married couples to keep the assets they acquired before the wedding, like property, cash and investments, separate — at least for a while.

Which brings up yet another sometimes taboo subject: a pre-nuptial agreement.

In many situations, parents in affluent families have transferred assets and handed down property, securities or cash to the next generation. Mom and Dad often initiate talk of signing the pre-nup. Planners say such agreements are common, but the betrothed might not feel comfortable asking for a prenuptial agreement.

"Even for young couples, you may not have much money at the time you're getting married, but if both of them are on a professional track and going to be getting a professional job with significant earnings, maybe not now, but in a while, they want to protect themselves," O'Neill says. "It's a dicey thing to talk about. On the one hand you're telling somebody, 'I love you,' and on the other you're saying, 'Sign this piece of paper just in case.' It's obviously tricky emotionally ... but given the divorce rate, particularly if there is a difference in assets, I think people need to protect themselves."

Once you've settled into married life, you'll be faced with choices on where to spend your money and how to save. Experts offer good old-fashioned advice: Pay your debts; don't spend too much and save as much as you can.

Spending can be a problem for couples, especially when one spouse is a spendthrift



Barbara O'Neill

and the other a saver. Often issues beyond mere spending and saving — gambling or the drive to acquire things, for example — might necessitate counseling before problems doom the marriage.

"The person who is a saver very often has to lay down the law to the other person about spending. I'm not sure there's any magic formula other than laying down the law, otherwise there are go-

ing to be marital issues, serious problems, because it will build over time," Walter says. "The saving spouse has to let it be known, 'This is how much we're taking in every month, and this is how much we're spending, and if we continue doing it in such a fashion we'll be in the poor house.'"

In addition to many of the negotiable issues, experts agree, each spouse should have an individual account available in the interest of safety and sanity.

"Relationship and financial experts say it is important for people to have some of their own spending money, because nobody wants to feel they have to account for every dollar and their spouse looking over their shoulder," O'Neill says.

You also will need to figure out how to handle the daily chore of money management and paying bills, where proportionality and equity come into play.

"For example, if one spouse earns 70 percent of the income and the other one earns 30, should they split the expenses 70-30?" O'Neill asks. "If they try to do it 50-50, obviously the lower earner isn't going to have a whole lot of spending money left if they're paying as much as the higher earner. So, those kinds of equity issues need to be addressed."

Advice about finances abounds, and while financial professionals are always available, parents and other married friends involved in the intricate planning of your special day may be willing to provide their perspectives on the otherwise taboo subject of money.

"Ask your mom and dad and friends for their best financial advice for a young couple starting out," O'Neill says. 

