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News Release

## Life Planning Issues When You Tie the Knot

Assuming you soon-to-be-wed couples have reserved the wedding chapel and the caterer, your dress fits beautifully, you ordered the cake, and the wedding invitations are ready to go. That's great that your wedding plans are final. But, more important than any of these wedding arrangements, is a discussion of your finances with your future mate.

All too often lost among the excitement of pre-wedding activities is an open discussion of personal finances. This important discussion takes time and it most likely is a subject you do not want to discuss before marriage. Studies show that money disagreements are a leading cause of divorce. My advice is to have an honest discussion of finances *before* you take the sacred vows of marriage.

Begin by discussing your current financial situation. Most likely, this dialogue involves the subject of debt. Each person should get a copy of his or her credit report to see if it's accurate and then share it with the other person.

In addition to the open discussion, there are other financial matters that are important to consider. The following are suggestions for newlyweds or for those soon to be married:

- **Change your beneficiaries.** Life insurance documents, retirement accounts, and other financial accounts all have beneficiaries (the people who will receive the funds at your death) named when you set them up. When you get married, you should have your spouse listed as the first beneficiary.
- **Organize your employee benefits.** Most couples have two incomes, so each has a selection of employee benefits from which to choose. Therefore, one spouse may cancel a benefit if it is available through the other's plan. For example, if one partner receives family coverage for health care for free or at a low monthly cost, the other partner may want to consider dropping his or her plan. By canceling one of the plans, you might consider adding another benefit at no cost, such as paid education expenses.
- **Update your life insurance coverage.** Focus on term for the bulk of your needs.
- **Review insurance coverages.** Look closely at automobile and homeowner's/renter's insurance coverages and inventory your personal property.
- **Get out of debt.** One or both of you may bring debts into the marriage. Because a couple can live together for less than two individuals who live apart, funds can be

freed up to pay off credit card debt, student loans, as well as other debt. If you were lucky enough to get money for wedding gifts, consider using some of it for this purpose. Reducing debt has an added benefit. It sets the stage for getting a mortgage to purchase a home.

- **Update your government program names.** If your name changed after marriage, notify the Social Security Administration and driver's license office of the change. You will need to show your marriage certificate as proof of the change.
- **Save for retirement separately.** As both of you will likely be wage earners for a large proportion of your lives together, you will come to rely on both incomes and become accustomed to a lifestyle you achieve together. Take some of the money that is saved by being a couple and apply it to your retirement plans.
- **Close redundant bank and credit accounts.** Reducing the number of accounts can save money on account fees. Decide what should be yours, mine, and ours. Having excess credit cards can reduce your credit scores and exposes you to the potential for overuse.
- **Manage your money together.** Make large purchase decisions together and be open about money matters.

*For more information on this or related topics, contact Ruth Brock, Regional Extension Agent for Consumer Science and Personal Financial Management. You can reach her at the St. Clair County office at (205) 338-9416 or email at [brockru@auburn.edu](mailto:brockru@auburn.edu).*

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