



Common financial mistakes made by women in marriage *Part 1*

By Mary Schwartz

Whether you are already married or planning to, a number of things will help your marriage run smoother financially. Knowing what is going on moneymwise in your household can take a lot of pressure off the marriage and in a worst-case scenario, leave you better prepared in the event of divorce.

The primary mistake women make is not discussing financial matters with their spouse. Communication is vital to a healthy marriage and discussing family finances is an important component of that. It is important to be on the same page in day-to-day money matters as well as with long-term goals.

Have regular money conversations that include a review of your cash flow, the amount of debt you are carrying and your financial outlook, including short-term and long-term goals.

Understand where you are now

Review your cash flow. If your husband is the one who usually pays the bills, you should periodically review where your money is being spent. If your finances are tight, there may be changes you can both make in your spending to help the family budget. If there is money left over at the end of the month, you should know where that money is going. Is it going into savings, to pay down debt or is it being used to purchase unnecessary items or luxuries?

How much debt do you have? Excessive debt can be a real drag on a couple's finances so it's important to monitor the amount you owe to others. It is common to finance large purchases such as a home and a car. Beyond the mortgage and the car payments, what other payments are you making? Do you have balances on high-interest credit cards that should be reduced? It's easy for balances to become higher than intended, even when money isn't tight.

Occasionally, one spouse can build up high credit card balances with the other spouse completely unaware that it is happening until

it is too late. You will be held responsible for paying off debt your husband accrues. A periodic review of credit card balances and planning ahead for large purchases can save you from paying large amounts of interest.

Know your financial outlook

Keeping tabs on your short-term financial outlook can help weather any potential financial storms. Do you foresee any near-term adjustments in your financial situation? Whether it's a potential layoff or opportunities to improve your employment and your income, be aware of any potential changes for your spouse and you. Good news or bad, being prepared can make it easier to deal with adjustments and reduce the stress on your marriage.

Are there major expenditures in the offing? Planning ahead for major purchases or home repairs affords you the opportunity to save money in advance, helping your cash flow. Share ideas you each have and then prioritize them.

Plan for the future together

You should have common long-term goals. Long-term goals are those that are more than five years away. How do you each feel about financing your children's college education? When do you want to retire and what do you want your lifestyle to include? How will you work together to make these things happen?

Don't let your spouse be responsible for all your long-term planning. Help define the goals you are both trying to reach. Again, conduct periodic reviews of the assets you have set aside for each goal, how they are invested and how much you are adding. If your tolerance for investment volatility is greatly different than that of your spouse, make sure the investments you own reflect that. With the exception of retirement plans, your investments should be held jointly. By holding them jointly, both of you will need to consent to make changes in the accounts, including redeeming them.

Retirement assets such as traditional and Roth IRAs and workplace retirement plans are held individually. If only your husband works outside the home, chances are you can still contribute to an IRA, building retirement assets in your name. The financial world has gotten increasingly more complex. Recognize if you need help in developing a financial plan. Consulting a financial professional can provide an objective, third-party viewpoint to what you are trying to accomplish and provide ideas about the best way to get there.

Remember, the most important place to start is with a conversation — one that takes into account the financial needs and goals of both you and your spouse.

Next month, Attorney Sarah DeKraay will provide more tips to help you become more financially savvy in your marriage.



Mary Schwartz, CFP®, a financial advisor with Symphonic Financial Advisors in Madison, has been helping people "orchestrate their financial success" for over 20 years. You can reach her at mary.schwartz@sympsonicfa.com.

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www.waterfrontgraph.com
608.592.6501

W10994 Eagle Dr.
Lodi, WI
wfgd@charter.net