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## It's knot about money

### Top financial tips that will promote newlywed unity

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**LOS ANGELES (MarketWatch) -- Every day, 6,200 couples get married in the United States, spending an average of \$20,000 on the wedding. In addition, they spend almost \$5,000 more on rings and a honeymoon.**

With the average age of the bride at only 25 and the groom at 27, this seems like a lot of expense and debt for such an early stage of life. Taking on huge amounts of debt early in a relationship can put extra strain on a new marriage. In fact, financial stress is routinely cited in surveys as one of the top three reasons that almost 50% of all first marriages will end in divorce.

With the June wedding season upon us, it's time to provide financial tips to all those with "Just Married" on their cars.

#### Seek understanding

Before marriage many couples go through premarital counseling -- some churches even require this before marriage. But how many couples go through financial counseling?

This process would include a full disclosure of financial assets and liabilities of each person, a "money personality" psychology test that is geared toward uncovering destructive tendencies such as overspending and an open discussion about each person's philosophies and goals related to money.

#### Say "I do" forever?

Prenuptial agreements are a hot topic among many would-be brides and grooms. When does it make sense to have one? Consider using a prenuptial agreement anytime premarital assets are greatly uneven between the bride and groom, one would-be spouse has family or trust investments or one of you has (or plans to have) separate business interests.

#### Share life goals

Reach an understanding about the big things. Does one of you want children (or more of them) sooner than the other? Does one of you feel it is imperative that one spouse stay home to raise children? Does one of you want to start your own business (two-thirds of all millionaires are self-employed)?

What about material things such as cars and houses -- do you agree on these? Having these types of discussions before marriage can avoid tension and stress during a marriage.

## Plan your strategy

This involves deciding which of you will manage the finances. Some couples divide this by having one spouse pay monthly bills, and the other spouse focuses on longer-term decisions such as investments, employer benefits elections, insurance, etc.

Setting up an organized record-keeping system is also critical to this process -- something easy enough for the other spouse to take over in the event of an illness or death.

A good strategy also involves keeping tabs on your credit reports and scores. It involves keeping good income-tax records. And it involves establishing a system to track monthly cash flow. On this point, there are many excellent software packages available -- even a spreadsheet or simple ledger works better than nothing.

Other tips from financial experts:

- **Establish an emergency savings account.** This should be equal to about 3 months to 6 months of normal monthly spending -- or more if you're concerned about finding a job in a sluggish job market.
- **Save, save, save.** Get in the habit of saving money right away. Begin with saving 10% of your income, and target an increase of half of each raise you get. You may think it is hard to save early in a marriage, but just wait -- it only gets harder.
- **Sign up early.** At the first chance you get, sign up for your company's 401(k) or retirement plan. This is especially true if there is a company match -- this is free money that you would be saying "No Thanks" to if you do not participate.
- **Live below your means.** This means not spending every dime you make and not earmarking every raise or other windfall before it even lands in your bank account.
- **Stay away from debt.** Avoid credit cards like the plague. If you cannot afford to pay for it with cash, save the money until you can. Credit cards are among the fastest ways to get into a financial crisis.
- **Protect your future.** As a married person you now have responsibilities for someone else. This means making sure they are financially secure if you are disabled or die. If you think either of these is unlikely, just check the home-foreclosure statistics. Financial difficulties following a death or disability are one of the most common reasons for foreclosures and bankruptcies.

Adhering to these principles can help assure that you do live happily ever after.

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