

FINANCES IN MARRIAGE

IMPORTANCE OF THE SUBJECT OF FINANCES IN MARRIAGE.....

The subject of finances in marriage can either make or break a marriage, depending on how both of you handle your financial affairs. Statistics show that the rate of divorce corresponds directly with the ability to manage finances. Young married couples are the most likely to get too deeply in debt.

ATTITUDE TOWARDS FINANCES IN MARRIAGE.....

When you stand before God and solemnly pledge your marriage vows to each other, from that day forward you are ONE. From this time on, everything that you do in the area of financial decision making should be done as ONE. Up until the day you are married you have been an individual, and everything you have done and owned has always been referred to as I and MINE. On the day that you are joined together in marriage, each of you should dedicate yourself to refer to everything you do and own as WE and OURS. You have become ONE in the eyes of God.

COMMUNICATION - UNIFIED DECISION MAKING.....

Your decision to act upon a significant financial matter should not be pursued until thoughtful and careful consideration is given by both of you and a mutual agreement is reached. This unified decision making process should be put into action when it comes to purchasing major items, such as a home, a car, furniture, appliances, investments, large expenditures for clothing, etc. Talk it over - decide jointly on every major action involving this marriage. Without this unity, without a sharing attitude, it would be futile to even think about the preparation of a family budget, because it just simply would not work.

RULES FOR KEEPING A BUDGET.....

1. DISCUSS AND SET GOALS JOINTLY
2. SET YOUR PRIORITIES AS A COUPLE. LIST EXPENSES IN ORDER OF IMPORTANCE. (DON'T FORGET GOD AND CHURCH.)
3. ESTIMATE INCOME
4. ESTIMATE EXPENSES
5. KEEP A RECORD OF INCOME AND EXPENSES
6. CHOOSE ONE PARTNER TO KEEP THE BUDGET, WRITE CHECKS MAKE DEPOSITS, ETC.
7. KEEP IT SIMPLE.

ESTABLISHING A BANK ACCOUNT.....

If each of you now has separate checking accounts it is recommended that they be combined into one joint account. The idea of separate bank accounts breeds selfishness and an inclination to hang on to the I and MINE way of life. A joint checking account is a very valuable record keeping medium, and should be maintained with the greatest of care. Develop the habit of making notations on the check stubs as to the amount and nature of the payment at the time you write the check. Failure to do this causes all kinds of problems.

Shop around for a Bank. Compare service charges and advantages.

SAVINGS.....

A good savings program is one in which a consistent amount is put into savings on a regular basis. Try to establish a habit of saving as soon as possible after marriage. Start out by putting into savings 1%, 2% or maybe 5% of your paycheck, then increase the percentage as circumstances will allow. Consult your bank about the savings plan with the best interest earned, such as savings certificates or the tax sheltered IRS accounts. Start small but be consistent with your savings.

ESTABLISHING CREDIT.....

The establishment of credit is very important for young marrieds. The only way to establish good credit is to borrow from your bank and then faithfully pay off the borrowed amount in accordance with the terms of the loan. One failure to pay off a loan can have a serious effect on your credit rating.

1. Never but on credit or otherwise borrow money without the wholehearted agreement of both partners.
2. Never have installment debt in excess of 25% of your annual income.
3. Hold down the cost of borrowing...
 - a. use your bank
 - b. make the largest down payment possible
 - c. borrow for the shortest term possible
 - d. use free credit first
 - e. beware of credit cards - they are fine and convenient, but do not overcharge - the finance charges can be devastating.

TAXES.....

As soon as possible after your marriage, remember to check with your employer and have them to change your Payroll Withholding status, in order to avoid the possibility of under withholding for Federal taxes. If both spouses are working this is extremely important. The present tax structure penalizes a married couple with dual income. This is changing but it will take a few years. Your employer should be able to advise you how to best complete each of your W-4's. If your employer cannot satisfy your problem, then see a tax accountant.

INSURANCE.....

Review your life insurance coverage and decide together when and how much life insurance to buy. Talk with a good Insurance agent or consult with your parents or respected friend for advice on choosing an Insurance company and/or Agent. Avoid the super salesperson. Try to establish a life insurance program whereby your coverage will be increased as your responsibilities increase. Try to increase your coverage at a young age, this keeps premiums down. The older you are the more the premium costs,

1. Hospitalization Insurance - check with your employer for group coverage.
2. Automobile Insurance
3. Homeowner's or Renter's Insurance
4. On the above types of insurance, if you can put into savings the amount of the deductible (the amount you must pay before the insurance begins to pay) you will be safe when unexpected expenses come. The larger the deductible amount on the policy, the less the premiums are.

BUY OR RENT?.....

1. Advantage of renting....
 - a. no down payment (security deposit only)
 - b. no major repairs or maintenance costs
 - c. mobility
2. Advantage of buying....
 - a. principal payment or mortgage increases your net worth
 - b. houses generally appreciate
3. Rules for buying a home....
 - a. cost of home should not exceed 2 to 3 times annual earning
 - b. your monthly payment should not exceed 20% of your gross income.

HOW CAN EXPENSES BE REDUCED OR KEPT TO A MINIMUM?.....

1. Food
 - a. wise shopping - specials, coupons, sales
 - b. food freezer - but larger quantities - avoid "ready to eat" packages
2. Transportation
 - a. efficient car
 - b. trading cars at the right time
 - c. ride the bus to work, car pooling, plan trips or errands to save mileage.
3. Clothing
 - a. buying out of season - weigh expenses vs. durability
4. Watch out for the super salesperson.... Set your priorities by what you as a couple think is important. Do not be influenced by the "things" your friends or neighbors have. If you have made a couple decisions it doesn't matter what others think.

WHEN THE FINANCIAL CRISIS COMES.....

1. Don't assess blame
2. Have a quiet discussion on the alternatives available to solve the problem
3. Be fair and considerate and give more than your share in solving the problem
4. Be hesitant to accept financial help from your parents. Try to work it out yourself, together.
5. Do seek advice from your parents, employer, professional people. Everyone has financial problems sometimes.

REFLECTION QUESTIONS.....

1. What are my main concerns about our financial future?

2. What are my feelings concerning your attitude toward money?

RESPOND TO THE NEXT ITEMS ON THE BASIS OF YOUR FEELINGS OR EXPECTATIONS EVEN IF YOU HAVE NOT YET WORKED OUT THE EXACT DETAILS TOGETHER.

1. How much income will you and future spouse need so you to live comfortable once you are married? \$_____ Monthly.

2. Generally speaking, in your marriage, who will write most of the checks and pay most of the bills? _____me _____my future spouse.

Why do you choose this person to pay most of the bills and write most of the checks? (please explain briefly)

3. HOW DO YOU WANT THE BUDGET PLANNING TO BE DONE IN YOUR MARRIAGE? READ CAREFULLY BECAUSE SEVERAL OF THE ITEMS APPEAR SIMILAR, BUT ARE QUITE DIFFERENT. (check only one item.)
 - a. I think it's best to take things as they come. I don't want to have a budget.
 - b. Wife will do all the planning without bothering her husband with any of the details.
 - c. Wife will do all the planning, but will let her husband know what she is doing.
 - d. Wife will do most of the planning, and her husband will help her with part of it.
 - e. Wife and husband will do all or most of the budget planning together, and if they can't agree, the wife will make the final decision.
 - f. Husband and wife will do all or most of the budget planning together, and if they can't agree, the husband will make the final decision.
 - g. Husband will do most of the planning, and his wife will help with part of it.
 - h. Husband will do all of the planning, but will let his wife know what he is doing.
 - i. Husband will do all of the planning without bothering his wife with any of the details.

4. When you and your spouse decide to purchase a car together, how much do you feel you would be willing to spend to get a car? \$ _____
5. Some people feel uncomfortable when they use credit cards or charge items at stores. How much total debt (everything except house mortgage) could you have in the first year of your marriage without you feeling anxious or uncomfortable? \$ _____
6. How much are you willing to pay each month on rent and utilities for the type of apartment or house you expect to live in for your first few months of marriage? \$ _____
7. Sooner or later, you may buy a house, condominium or mobile home. In addition to making a down payment, you and your spouse will most likely have to borrow money (that is, sign a land contract or mortgage.) How much money would you feel you and your spouse could safely borrow when you buy a home? \$ _____
8. How many years do you image it will take you and your spouse to pay off the mortgage or land contract? Years: 5 10 15 20 25 30 35 _____
9. How much do you think the monthly mortgage or land contract payments (including) taxes) will be? \$ _____

Make sure that you have given specific answer to all items.