



MATRIMONIAL PLANNING GUIDEBOOK

The *Financial Principles Guidebook* is a comprehensive collection of our planners' insights to help you along your pursuit of financial independence.

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The opportunity to share life's journey with a loving partner is one of the greatest benefits of a successful marriage. While love may be blind, one should never go into marriage without having a frank discussion and understanding about financial goals, income, savings, and debt. Marriage will affect your finances in many ways, including shaping your ability to save for your goals, plan for retirement, plan your estate, structure your insurance, and even plan for and file your taxes. ***We hope that you find this information valuable. Should you have any questions, please do not hesitate to contact our office. If you have a friend, family member, colleague, or client who may benefit from this Guidebook, please do not hesitate to share it with them.***

FOCUSED ON YOUR FINANCIAL INDEPENDENCE

HAVE YOU REVIEWED FINANCES WITH YOUR FIANCÉ?

Finances are one of the most common issues that cause couples to split up. While love may be blind, there is no reason money needs to become a problem if you both go into marriage with your eyes open. Before getting married, all couples should have an honest and open conversation about finances and the hopes, needs, and expectations that will impact their financial life together. Below is a list of topics that should be considered a starting point for discussing your financial life together.

1. What assets and accounts do you currently have? What is your income and net worth?
2. What are your debts (including credit cards)? If any, what will your plan be for eliminating these debts?
3. What is your credit score? Do you have any bankruptcies or other negative financial events in your past?
4. Are you a spender or saver? How do you spend discretionary money? What would you do with extra cash like a bonus or gift?
5. Do you have a budget? Could you set a budget together as a couple?
6. What do you consider a large expense? At what threshold would you need to discuss an expense with each other?
7. Do you pay off your credit cards every month or carry a balance?
8. Do you currently have a financial advisor, accountant, or other professionals? What relationships will you maintain as a couple?
9. Will we maintain separate or joint accounts, or a combination of both (i.e. maintain separate savings and investments and a joint checking and savings account for household expenses)?
10. How important is it to you to manage the household finances?
 - a. Who will primarily manage the finances?
 - b. Who will monitor the budget?
 - c. Who will pay the bills?
 - d. Who will file the taxes?
11. How soon could you establish an emergency fund for three to six months of expenses?
12. If not currently living together—where will you live?
 - a. When would you both like to purchase a home?
 - b. How will you save for the down payment?
13. What are your career plans?
 - a. Do you plan to change jobs in the short term or potentially start a business?
14. What are your plans for starting a family?
 - a. Will you both work when you start a family?

IS A PRENUPTIAL AGREEMENT NECESSARY?

Prenuptial agreements, in general, have a bad connotation associated with them. Some people see a prenuptial agreement as planning to fail. However, the sad truth is that nearly half of all marriages will end by divorce or separation. A prenuptial agreement being put in place can remove a lot of the stress about money in a marriage, which is why we view it more as planning to succeed. A prenuptial agreement preserves the expectations of both parties going into the marriage and prevents surprises in the event of a divorce. It not only can protect your interests, but it can also save a lot of time, money, and stress if a marriage fails.

While, in general, we suggest that a prenuptial agreement be considered, we will strongly urge for a prenuptial agreement in the case of a second marriage, or when there is a substantial financial inequity between two spouses at the onset of the marriage. For example, if we take the case of a couple in their early 30's where one person may have a good job, but relatively modest savings, some credit card debt, and student loan debt while the other has no debt and is a relatively high wage earner who started, or inherited, a successful business, we would generally recommend that they strongly consider a prenuptial agreement.

Many clients who have premarital assets or have received (or will likely will receive) a large inheritance will generally avoid having what can be considered an uncomfortable conversation about prenuptial agreements because they live in one of the many states that have provisions that premarital assets or inherited assets are protected in the event of a divorce. However, over time, "yours, mine, and ours" will lead to commingling of assets and could make it virtually impossible to truly segregate premarital or inherited assets. Further, divorce law is complex and state specific so relocating over the course of your marriage, which often happens, could have serious consequences in the event of a divorce.

While there is no clear-cut right answer of whether a prenuptial agreement is necessary or right for you, we generally recommend a prenuptial agreement be strongly considered.

ARE WE GOING TO HAVE A BIG WEDDING?

Is a big wedding and dream honeymoon on your list of plans? You should have a conversation about setting a realistic budget for your wedding planning and honeymoon. If you are unable to pay cash, you may want to temper your expectations. The last thing you want to do is start your life together by creating a lot of debt. Likewise, if you are receiving assistance from parents or other family members through a substantial gift, you may also want to allocate part of this gift to starting your savings for future purchases, such as a down payment on a home, furniture, or other large expenses, rather than blowing it all on your wedding day.



THE POST MARRIAGE CHECKLIST

	Update your beneficiaries- one of the first things to do after getting married is to review your beneficiary designations for your financial accounts, such as 401(k)'s, IRA's, Roth IRA's, and insurance policies. You may also have a beneficiary for your savings accounts or investment accounts if you initially established them with a "transfer on death" designation.
	Make, or update, your Will, Power of Attorney, and Living Will- If you have a Last Will and Testament and other estate planning documents, you will need to revisit these documents and update them. If you do not have these core estate planning documents, you should add them to your to-do list sooner rather than later.
	Review your insurance coverage- You should review all your insurance policies for under-coverage, duplicate coverage, or lapses in coverage. As a couple, you will likely be dropping one homeowner's or auto policy. We recommend that, for your property and casualty insurance, you review your existing coverage with an independent insurance agent and combine your policies, as "bundling" your auto, homeowners, and umbrella coverage will likely result in a savings. For your health insurance, you should review the coverage available to each of you from your respective employers and choose the best, but also most cost effective, coverage together for going forward. Don't forget that many employers may provide a stipend for declining coverage. Perhaps yours does! If you have existing life insurance, it should be reviewed with your advisor. If you do not have life insurance, now is a good time to secure coverage for you and your spouse.
	Name changes- if you or your spouse (or both) are changing your last name, you will need a copy of your marriage certificate. You will need to take your marriage certificate to your local Social Security office and get a new Social Security card. Then, you can change your name on your Driver's License and Passport. With your documentation completed, you will also want to update your name with your bank, utilities, credit bureaus, and other financial institutions.
	Create a budget and savings goals- now that you are (likely) a dual income household, you will likely realize a reduction in expenses and can allocate more money to savings. You should review your income and expenses and set realistic budget and savings goals. You can refer to our budgeting and saving Guidebook as a resource.
	Assess your tax situation- as a married couple you can file jointly or separately. In addition to having different options for filing, your tax bracket and deductions will likely change. Rather than be surprised come April, you should understand your tax situation and adjust your withholdings or estimated payments accordingly.
	Review ownership of financial accounts and assets like property- If you have separate financial assets, you should discuss the pros and cons of combining assets and keeping them separate (if you have not already!).
	Meet with your financial advisor- now that you are a dual income household with shared goals and planning needs, there will be adjustments needed to your overall financial plan!



**HAVE A TOPIC YOU WANT TO
SEE COVERED IN THE
GUIDEBOOK?**

Call or email your advisor with a suggestion for a topic to be covered in The Guidebook. If we have covered it, we will send you that edition. If we haven't, we will cover it!



**HAVE A FRIEND, NEIGHBOR,
COWORKER, OR RELATIVE
WHO COULD BENEFIT FROM
THIS GUIDEBOOK?**

Feel free to forward our Guidebook to anyone you feel would benefit from this information. We would be happy to speak with them and answer any questions that they may have.



HIGH TOWER
FINANCIAL PRINCIPLES, LLC

FINANCIAL PRINCIPLES, LLC
A HIGH TOWER WEALTH MANAGEMENT PRACTICE

310 PASSAIC AVENUE, SUITE 203, FAIRFIELD, NJ 07004
505 FIFTH AVENUE, 4TH FLOOR, NEW YORK, NY 10017
973-582-1000

WWW.FINANCIALPRINCIPLES.COM

FOCUSED ON YOUR FINANCIAL INDEPENDENCE



Bradley H. Bofford, CLU®, ChFC®, CFP®
Managing Director, Partner
973-582-1002
bbofford@hightoweradvisors.com



Michael Flower, CFP®
Managing Director, Partner
973-582-1004
mflower@hightoweradvisors.com



Daniel Trout
Partner
973-582-1006
dtrot@hightoweradvisors.com



Steven Gelber, AIF®
Associate Wealth Advisor
973-582-1015
sgelber@hightoweradvisors.com



Andrew Olivier, CFP®
Associate Wealth Advisor
973-582-1005
aolivier@hightoweradvisors.com

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