



When Love, Marriage & Money Come Together



1-800-210-3481

www.ConsolidatedCredit.org

5701 West Sunrise Boulevard | Fort Lauderdale, FL 33313

Congratulations on taking this first important step to getting on the same financial page as a couple. Consolidated Credit has been helping Americans across the country solve their debt and credit problems for over 25 years.

Our educational team has created over forty publications to help you improve your finances. Visit ConsolidatedCredit.org to access all our publications free of charge. You'll also find a range of financial education resources, including interactive courses, instructional videos, webinars, infographics, and more. Our mission is to provide all the tools you need to become debt-free and use money wisely, so you can plan for the future and build wealth.

If you're feeling overwhelmed by high-interest rate credit card debt, I encourage you to call **1-800-210-3481** to receive a free evaluation from a certified credit counselor. Together, you can find the best solution to pay off your debt and achieve financial stability.

I also invite you to share these resources with others you know who want to improve their finances. Consolidated Credit provides partnership programs, which can help groups, businesses and communities learn and grow together. If you're interested in learning more, please call us and we'll be happy to help you customize a program for your organization.

Sincerely,

A handwritten signature in black ink, reading "Gary S. Herman". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Gary S. Herman
President
Consolidated Credit

Getting married can be an excellent decision; even science supports this notion. A great deal of research points out that married people are less likely to die from strokes, accidents, flu, tuberculosis, and various forms of cancer. While becoming one with a partner can be a great experience, financial challenges can overshadow the many positive benefits of marriage.

A 2017 survey by [Ameritrade](#) of 1,000 married and 1,000 unmarried adults tells us four in ten married couples argued about money that year. This makes money an important matter in marriage because it has so much potential to cause conflict.

Unfortunately, many newly married couples start their new lives together strapped with debt. Some bring their own personal debts with them to the marriage; others rack up credit card bills as they plan their weddings and honeymoons together.

Why? Because they assume that they'll pool all their financial commitments, debt included. After all, one purpose of marriage is the idea that what is mine is now ours. While this may be true, it's essential to think about the long-term implications of merging finances. How will it affect your relationship and personal finances?

Before Saying "I Do"

It's tempting to put your money where your heart is, but the consequences can devastate both your relationship with your loved-one and your credit score.

Therefore, discussing finances in

a relationship should be a top priority. [One study](#) found 54% of couples with great marriages are more likely to discuss money daily or weekly. On the other hand, 29% of marriages that are average or in crisis talk about the same matters.



Since it's clear that money is an important issue in marriage, what steps should you take before saying "I Do"? Here are a few suggestions.

Align your values on money

When new families come together and venture out in sharing their lives together, each person needs to consider their values. Your values about money often influence how you spend, save, and approach financial planning. Take some time to think about the following:

- How important is money in your life?
- What kind of spender are you?
- What are your long-term financial goals?
- Do your core values align with your spending?
- What effect does money have on your relationships with family members and friends?

Look at whether your perception of money is balanced. If not, make a list of ways you can change or compromise. Aligning your values ensures you're on the same page and can find a middle ground when it comes to money management.

Discuss assets and liabilities

If you're going to make a long-term commitment like marriage, you need to be able to disclose any assets and liabilities you have with your spouse. Why is this important? Because in the unfortunate event you get divorced and hidden assets are uncovered, you could run into legal issues. Depending on what state you live in, assets and liabilities may be split during a divorce. Lay all your cards on the table before walking down the aisle to avoid trouble later on.

Go over credit reports

Some people are embarrassed to disclose their credit history to their partner. It may not be the most romantic conversation to

have but be completely honest about your financial standing. Having a high or low credit score, debt, loans, or bankruptcies on your file can both positively and negatively affect your future goals. However, when you know where your credit report stands, it will help you better plan for the future.

Note you're entitled to a [free credit report](#) every twelve months from the three major credit reporting agencies (Equifax, Experian, TransUnion). You can download these reports for free at annualcreditreport.com.

Discuss other financial obligations

Before you met your loved one, they may have had other financial obligations. This could include anything from student loans to children from a previous relationship. Find out what financial obligations your partner has before tying the knot, as it could affect your cash flow in marriage.

Children from previous relationships

Finances can become troublesome in marriages where one or both partners already have financial obligations extending from a prior relationship. It becomes even more complicated when new spouses are dealing with divorce, child support, alimony payments and child visitations. For example, a person who's paying child support may expect a new partner to contribute more to the household expenses, and that may come as an unpleasant surprise to the new partner.



Divorce agreements can vary greatly. Each partner should fully discuss their circumstances early in the relationship. Share with

each other not only what the arrangements are with former spouses but also what they feel the obligations are beyond the legal responsibilities.

New spouses are not legally obligated to support stepchildren, but their spouse's ongoing financial commitments to the former family will affect their lives.

One partner may become bitter because their new spouse is paying a large sum of money to their former family, while the new household is left with only a fraction of that amount.

Also note, if you parent a child from a previous relationship, it's worth talking to a professional regarding updating wills, and checking the beneficiaries on life insurance policies, retirement plans and IRAs.

Extended family

Everyone has different views about financial obligations when it comes to family. Some choose to support parents, siblings, or extended family for moral or cultural reasons. If your spouse is helping family, ask:

- How much support is being paid or received
- How long it will last
- What future commitments they've made

You can then decide how you want to approach these obligations as a couple.

Consider Prenuptial Agreements

Prenups are a controversial topic, but necessary to discuss before marriage. Think about whether it's best to protect your premarital assets in case things don't go according to plan or whether you're both willing to take the risk. If one of you has children from another relationship, for instance, that is a

reason to consider a prenuptial agreement. If you don't have a prenup or will in place, those children could end up inheriting nothing once you're deceased.

If you decide not to go ahead with a prenup and change your mind later, there's the option of getting a postnuptial agreement after marriage. Some pros of getting one are:

- Saving time and money if you divorce
- Protecting family heirlooms
- Protecting yourself from debt

Create a Budget

After having all the awkward conversations, you can move onto something more fun – creating a budget. This is a good time to map out some financial goals and think about how you want to manage your money as a couple. Some things to explore include:

- How you'll pay household bills
- What your retirement goals are
- How much you want to save for emergencies
- Healthcare expenses
- College funds if you have kids
- Investment goals

Some couples choose to contribute an equal amount to a savings account monthly and spend the rest on what they want. Others choose to have one joint account where all funds come in and out of. There is no right or wrong; find what works for you and brings you closer to achieving your goals as a couple. Here are a few tools that are great for money management in marriage.

Honeyfi

This financial tool is specially built for two, unlike many other money management apps. You can use [Honeyfi](#) to create a household budget and receive reminders about upcoming

transactions and bills. If you would like financial privacy and don't want your spouse seeing all your transactions, this could be an alternative to a joint account. You can choose to opt out of showing transactions and stick to only showing bank balances.

While Honeyfi is free to download, be ready to share your bank information and pay a subscription fee of \$96 per year as a couple.

Mint Mvelopes

[Mvelopes](#) is a digital personal finance software that uses cash-based budget to help you manage your money. You set up goals and then use digital envelopes to manage your cash flow and avoid overspending. You'll also get reports to see where your money is going. Mvelopes costs anywhere from \$5.97-\$19.97 per month, making it relatively affordable for accounting and finance software.

Twine

[Twine](#) is a good tool to use if you and your significant other have investing in the pipelines. It is both a robo-advisor and personal finance tool which can help you work on saving and investing as a couple. You'll need to open separate accounts, link your bank information, and set shared goals.

It does come at a small fee; \$0.25 per month or \$3 yearly for every \$500 you invest.

Tiller money

This is another software that helps you track your expenses. Tiller money helps you save as a couple, even when it seems like there's nothing to save. It's ideal if you like using spreadsheets to stay on top of your finances as they automate it in Google Sheets and Microsoft Excel.

With [Tiller](#), you can get a 30-day free trial and after that, it costs \$79 a year or \$6.58 monthly.

Honeydue

Some core functions of [Honeydue](#) are you can create a budget, set up household spending limits, and share feedback with your partner. It essentially streamlines your accounts so you can manage your money in one place. Like Honeyfi, you're also able to limit the information your spouse sees if you aren't comfortable sharing everything.

This app is free to download and use, but there's an option for tipping if you're feeling generous.

Tax Options During Marriage

When you get married, you can choose to file a tax return together or separately.

Understanding the benefits of both will help you make a decision that benefits your financial goals. Here are a few pros and cons of both.



Filing jointly

Many couples choose to file jointly because of the many tax benefits they have access to. If you file jointly, you can benefit from:

- Education-related deductions and credits
- Child and dependent care credit
- Child tax credit
- Earned income tax credit
- Adoption credit

Filing separately

If you're separated, divorced, or there's a significant difference in earnings, it may be better to opt for married filing separately. You and your spouse would record your incomes, exemptions, and deductions on separate tax returns. However, if one of you itemizes your deductions, the other has to follow suit.

A few scenarios where you could benefit from filing separately are:

- One individual has significant medical expenses
- One individual has miscellaneous itemized deductions
- You and your spouse have similar amount of income
- One spouse has issues with the IRS (a joint return could implicate the innocent spouse)

One of the most glaring advantages of filing separately is you can both remain in a lower tax bracket and thus, be liable for less taxes. On the other hand, it means you're entitled to fewer [deductions](#); for example in 2020, deductions were \$12,400 when filing separately and \$24,800 if filing jointly.

Penalties and bonuses

Beware of marriage tax penalties in your state before you decide to file. You and your partner could be penalized if you pay more income tax filing as a couple than you would if you were single and filing on your own. This is because in this instance, joint filing shifts the couple's income into a higher tax bracket.

Marriage tax penalties are more common when you and your spouse have similar incomes. However, if one of you earns significantly more than other, it probably isn't something to worry about.

Filing as a couple can also earn you a marriage bonus. This occurs when filing with your spouse shifts the higher earner

between the two of you into a lower tax bracket. The bonus essentially means you pay less in taxes when you file jointly.

Marriage tax bonuses and penalties only apply in states with progressive income tax (34 of 50 states plus the District of Columbia). States that don't have progressive tax systems don't have marriage tax penalties or bonuses at the state tax level, because they tax everyone at the same rate.

Other Financial Benefits of Marriage

Aside from the benefits mentioned, there are other financial perks of marriage. Below are a few examples of how you can utilize opportunities to save money in your union.

Car insurance premiums

Insurance can be a pain, especially when you're paying rates on the high side. You could save money if you decide to get insurance as a couple. Most auto insurance carriers give married couples a discount, so shop around and see how much you can save. You will especially save if you both have good driving records. If you don't want to combine auto insurance, you have two other options – adding a spouse as a secondary driver or adding their vehicle.

That said, there is a risk of getting auto insurance together. If one of you gets a DUI, accident, or speeding ticket, it affects the entire policy.

Health insurance

Health insurance is another area where you could experience savings. Older couples can especially benefit from cheaper rates of health insurance when married, as they sometimes get discounts on long-term care insurance.

To save, consider switching to your spouse's health insurance plan or getting joint coverage. The best thing you can do is sit down with your partner and review your options to see which is most cost effective.

Joint mortgage

As you can imagine, getting a mortgage and maintaining a home can be expensive. When you consider the down payment, closing costs, taxes, and maintenance, it can be intimidating. However, getting a joint mortgage (applying for the property together) can:

- Improve eligibility
- Offer access to better mortgage rates and terms
- Help you save on property transfer tax
- Provide tax benefits, like income tax rebates

Also, getting a joint mortgage can help you save on overall housing costs and build your net worth in the process.

Note that if one spouse has bad credit, some mortgage lenders prefer that the creditworthy spouse apply for the loan in their name only. This can be a "catch 22" if the mortgage you want is so large that it requires both your incomes to qualify.

Joint Checking Accounts

The process of moving money from an individual account to a joint checking account is pretty standard. If both individuals hold accounts at the same bank or credit union, the first step is establishing a new account, or closing an account and merging the money into another existing account.

For practical purposes, consider opening a joint checking account. It's an account that lists two or more people as the holders of the account. Both of you have equal access to the funds, meaning both parties can deposit and withdraw funds without permission of the other.

You should know there's no individual protection despite who deposits the funds. This means in the event of a divorce, your spouse can legally take any funds present.

Couples should consider setting up all their bank and brokerage accounts in both names, even if they privately agree to restrict use to one or the other. If an account is held in the husband's name only, for example, after his death it must go through probate before the wife can have access to the funds. That costs time and money.



It is advisable for the couple to have one joint checking account. With one joint checking account, both paychecks can be deposited into it and you can pay all bills from it. This way, both people know where they stand as a couple and it's often easier to be budget conscious. In addition, bookkeeping and account costs may be kept to a minimum because of the higher combined balance.

If you choose to maintain two separate accounts, you can retain your financial independence and take some pressure off financial expectations. Separate accounts can also be beneficial if one spouse tends to overspend and may be tempted to deplete available funds. By keeping accounts separate, you may avoid money feuds.

Once married, any joint credit accounts – including those for auto loans, credit cards and mortgages – will show up on both spouses' credit reports. One spouse affects the other's credit anytime accounts are held jointly.

Consequences of Shared Debt in Marriage

When you get married, your legal and tax status changes. Sometimes, this means your debt becomes one. For instance, if you live in a community property state, any debt you accumulate during your marriage belongs to the both of you. Community property states include Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, Wisconsin, and the territory of Puerto Rico.

Using a real-life example, if your spouse takes out a business loan while you're married and doesn't pay it back, debt collectors can legally come after joint assets or your income to collect the money owed. For this reason, it's best to have honest discussions before taking on debt after marriage.

Likewise, you should think about whether you're okay with your partner taking out credit in your name.

Maria's Story: Funding her husband's dream

"When we got married, we took the plunge – right into \$56,000 worth of debt. My husband had a rocky credit history, yet he was determined to pursue his dream of starting his own company. Trying to be supportive, I let him charge to the hilt on our credit cards, even the ones that were held in my name only. But his financial history proved prophetic. The business failed, and unfortunately our marriage did as well. I'm still stuck with the fallout from his shattered hopes – mountains of expensive debt, most of which was all in my name."

Moral of the Story: *Going into debt to fund a business dream is never a good idea, especially when it's not your dream, but it will be your debt.*

That said, paying for debts incurred by others, usually loved ones, is one of the most common reasons cited by individuals seeking credit counseling and debt management assistance.

While you may see intertwining your finances as a pledge of commitment, you should make financial decisions with your head, not your heart. In the event of a split, even a legal settlement will not change the fact that your good credit rating is tied forever to any debt you signed or co-signed for.

In general, though, if you keep credit cards and assets separate, the only way a credit card company might claim your assets is if money in your account represents money deposited to defraud a creditor.

You can also use a prenuptial agreement to ensure that debts that one spouse brings into a marriage remain that spouse's debt if the marriage ends. This may be important if one spouse has a large volume of debt. For example, if your partner pursued a doctorate degree, then you may want a prenup in place to avoid taking on their debt as yours.

Avoiding Money Conflicts

Communicating better with your partner can solve most money conflicts. Sharing power and decision-making is important, even if one person thinks they're better at investing or managing money.

- **Discuss your concerns, but do not confront or criticize your spouse.** Remember, you are a team.
- **Be specific about what's troubling you.** For example: "I'm feeling concerned about the amount of money we're investing in risky stocks."
- **Assume that win-win situations are possible.** You may find that your needs can be different, but not necessarily mutually exclusive.
- **Finally, learn to empathize with each other.** This is the key to resolving conflict.

Getting out of Debt Before and After Marriage

Being in debt can create a great deal of stress, which sometimes affects a relationship. To avoid this stress and extend the honeymoon period, try to actively work on reducing any debt you have by doing the following.



1. **Figure out how much you owe.** Collect all your credit card statements and make a list that includes the interest rates, total amounts you owe, and minimum monthly payments. List the cards by the interest rates they charge with the highest rate first.
2. **Keep the card with the lowest interest rate and consider closing new accounts.** You may want to keep your oldest account active, so you don't hurt your credit score.
3. **If you don't have a card with an interest rate of less than 14%, get one.** A low APR card is beneficial when you have large charges that will take a few months to pay off.
4. **Resolve that you will use your cards only for dire emergencies over the next six months.** For daily purchases, use cash or a debit card only.
5. **Credit cards often require minimum payments of about 2.5% of the total owed.** If you just make minimum payments, you will be paying forever. For example, if you owe \$1,000 on a card with a 17% interest rate, it may take 12 years and cost over \$900 in interest by the time you pay it off.
6. **Calculate how much you can pay over the minimum.** Really stretch your budget. For instance, let's suppose the minimum payments on your credit cards total \$350 a month. What could you pay if you really stretched? How about \$750? No pain, no gain.

7. **Apply all your additional funds towards the card with the highest interest rate.** If two cards have the same rate, put the additional money on the card with the largest balance. Pay the minimum on your lowest interest rate credit cards until you've paid off the balance on the more expensive cards.
8. **Consolidate your debt.** Many credit card issuers offer introductory rates 0% APR for 6-18 months on balance transfer cards. If you're serious about getting out of debt in a hurry, transfer your largest, high-rate balances to a card with an introductory rate of low or no APR and pay the balance down aggressively. You might also consider getting a low-APR personal loan and using the funds to pay off your credit cards.
9. **Consider credit counseling.** If you cannot consolidate on your own due to your debt-to-income ratio or because you are juggling and "Robbing Peter to Pay Paul" then consider contacting a credit counselor at **1-800-210-3481**. Debt management programs can usually organize debts into one affordable monthly payment, reduce or eliminate interest charges, and help restore credit ratings.
10. **Weigh the benefits of using savings to get out of debt.**
Sure, it sounds harsh. But if you put together a balance sheet, your debt may cancel out your savings, anyway. If it's in the bank, you are likely earning less than 2% while you carry debt at 18% or more. Only consider this option with current savings. Avoid tapping retirement accounts to pay off debt, as this can seriously hurt you and your spouse down the road.

Overwhelming debt can be devastating, both financially and personally. However, there is help available. Credit counseling services can help consumers budget and work with their creditors to consolidate their bills and arrange a more affordable payment plan with lower interest.



About Consolidated Credit

Consolidated Credit is a consumer oriented, public education organization. We are an industry leader in providing credit counseling and debt management services throughout the United States.

Our mission is to assist individuals and families end financial crises and help them solve money management problems through education, motivation, and professional counseling.

We are dedicated to empowering consumers through educational programs that will influence them to refrain from overspending and abusing credit cards, as well as to encourage them to save and invest. We sponsor local free seminars that are also available to any group or organization that requests our educational services.

Our professionally trained counselors have assisted thousands of families across the United States. Regardless of whether your financial problems are due to the purchase of a new home, birth of a child, major illness, or any other circumstance, we can help.

Our organization is funded primarily through voluntary contributions from participating creditors. Our programs are designed to save our clients money and liquidate debts at an excellent rate.

Consolidated Credit is a member of the Better Business Bureau, the National Association of Credit Union, United Way of Broward County and Financial Counseling Association of America.

NOW YOU CAN FIND FREEDOM FROM DEBT!

Consolidated Credit, a nationally recognized organization, will provide you with professional financial education, counseling and resources. In addition, you can benefit from customized Debt Management Programs, which incorporate a bill consolidation plan to help you regain your financial freedom.

Our Certified Financial Counselors can:

- Reduce or even eliminate interest rates!
- Eliminate late charges and over-limit fees.
- Consolidate debts into one lower payment.
- Help you pay off debt faster.
- Rebuild your credit rating.
- Save you thousands of dollars.
- Get you on a plan to be debt free!



Call today, and take your first step toward financial freedom!

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THERE IS HELP WAITING FOR YOU NOW.

- Reduce or eliminate interest charges.
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