

Newlyweds and Finances

One of the toughest challenges for recently married young couples happens *after* the wedding: managing their personal finances.

Here are some tips to living financially ever after:

1. Communicate expectations and set financial goals. Spouses should be open about credit card and student loans debts. Begin to ask important questions like which is more important, owning a home as soon as possible or taking vacations each year? When should you start saving for retirement?
2. Plan a budget – and stick to it. Budget not only for the big items like a new car or home, but also for the smaller ones like holiday and birthday presents. It's important to keep track of all your expenses, especially because these may be new to both of you. Create a system to pay the bills like signing up for on-line bill payment. Before making a big purchase like a car or home, couples should have the monthly payment for six months.
When buying a home, newlyweds need to consider the taxes, insurance, repairs and maintenance fees that homeowners have to pay.
3. Establish an emergency fund. Experts recommend at least three months' worth of living expenses should be saved for emergencies like a major home repair or temporary loss of work.
4. Plan for children. The baby's birth is a good time to start saving for education, but until then, couples should maximize their retirement savings.