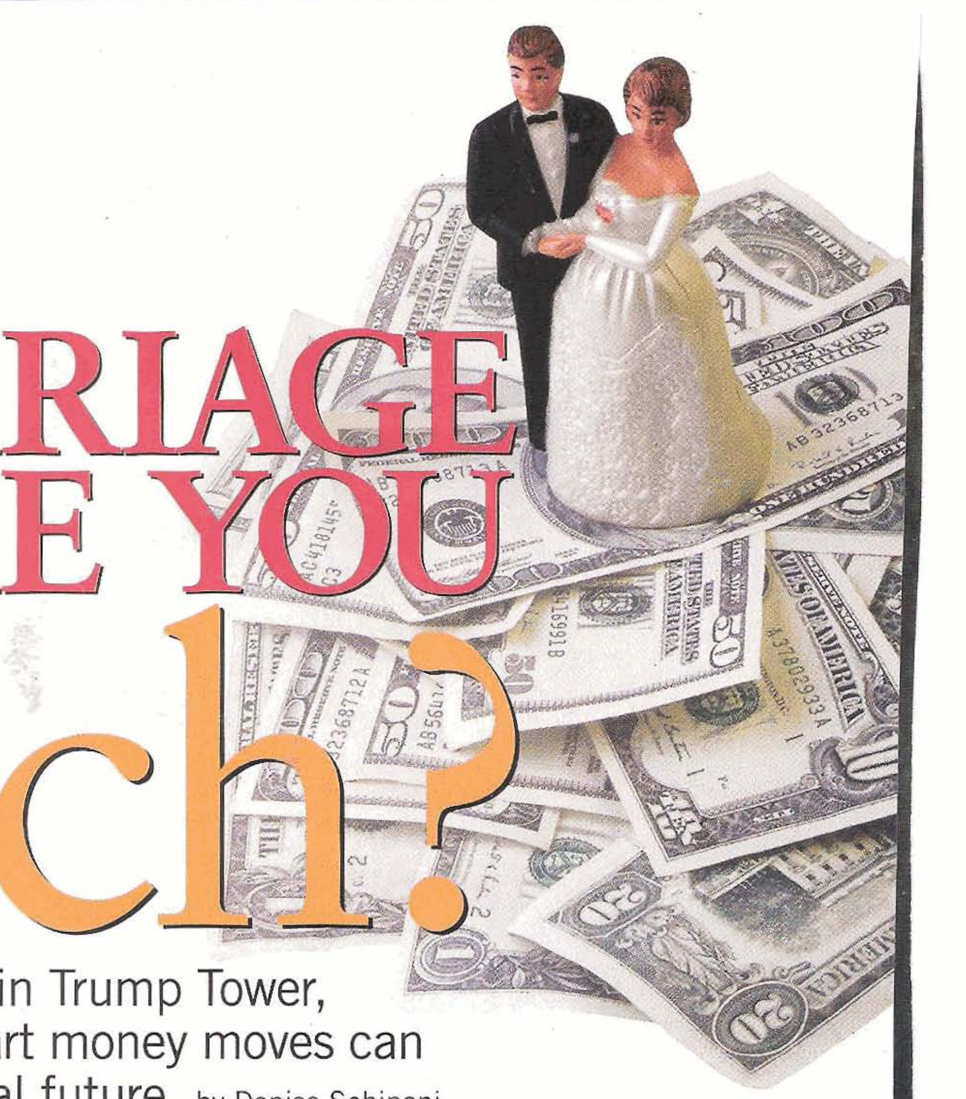
CAN MARRIAGE MAKE YOU Rich?



You may never live in Trump Tower, but these smart money moves can secure your financial future.

by Denise Schipani

By the time Jenna Batcher and Dan Sondhelm got married last September, the couple, who live in Arlington, Virginia, had already had a number of discussions about their changing financial picture. For a start, they wanted to consolidate some retirement accounts and assess their insurance needs. "We decided to begin by getting professional investment advice," says Dan.

No matter what this couple ends up doing with their money, just thinking about building their future wealth is a good move—although for some couples, getting even that far can be difficult. "Managing money with a partner is a whole new arena that single people have to get used to," says Deborah Wilburn, author of *For Richer, Not Poorer: The Newlywed's Financial Survival Guide* (Berkley, 2005). "Both partners have to become accustomed to 'we' thinking." But remember, couples also have a built-in advantage: In most cases, they'll have two salaries coming in, and will be able to reach their financial goals that much faster. Imagine rowing a boat—it's easier with two of you at the oars, right? The trick is to be sure you're rowing *in the same direction.*

Financial advice varies, of course, but there's one thing every financial expert can agree on: Couples need to talk to each other about money—often, and honestly. "Secrecy about money can be very destructive to a relationship," says Marion Asnes, the New York City-based editor of *Financial Planning*, a trade publication for financial planners. So get out your checkbooks, calculators and big-money dreams—and get talking. All newlyweds should know about these four strategies.

CRUNCH THE NUMBERS

A recent study reported in the *Journal of Sociology* found that a person who marries—and stays married—accumulates nearly twice as much personal wealth as a person who is single or divorced. The study also showed that married people increase their wealth faster, accumulating 93% more than single or divorced people over the time period of the study. *Source: Ohio State University's Center for Human Research*

1 Consider a Financial Planner

You might think professional financial planners are just for the superrich, or for people who have tens of thousands to invest, but in fact, a pro can be just what you need to jump-start your financial future. As Dan and Jenna found out, a planner can help you narrow down money goals; figure out your insurance needs; establish a budget; and advise you on your 401(k) investment options.

It's best to hire a fee-only planner. These are independent professionals who work only for your fee (a per-hour rate or a lump sum that covers an initial assessment and advice), rather than those who work on commission and thus might steer you toward particular mutual funds or insurance products.

Another tip: Once you work with a financial planner to set a budget and start saving, you can turn to him or her later to help you invest what you save. For lots of information about planners and help with locating a fee-only pro in your area, go to Garrett Planning Network (garrettplanningnetwork.com). Another good source: the Financial Planning Association (fpanet.org).

2 Get Out of Debt

There are two reasons why it's bad to begin your marriage in debt. The first is obvious: The more money you owe and the more interest you're paying on it, the less you have at hand to save and invest. The second is less so: Debt—especially if you're not completely honest about it from the start—can erode trust between a couple, and a lack of trust can hamper your efforts to build a strong financial future. "Come clean about your debt *before* you get married," advises Wilburn. "Someone who loves you won't bail because you have $10,000 in credit-card debt. Then, strategize together on how to pay it down." Start with the cards charging the highest interest. Research rates at sites like Bankrate (bankrate.com), and transfer big balances to better-deal cards (make sure to officially cancel any old cards). Then, give those credit-card payments high priority in your budget (and strive each month to make the largest payment you can).

The hardest part may be avoiding getting further into debt. "This new phase of life is very exciting," says Asnes. "You want to make a nice home and settle down and enjoy yourselves. We're all surrounded with images of luxurious lifestyles." But for all you know, the people living those lifestyles may be up to their eyeballs in debt. Instead, adds Asnes, "Try to think of this early part of your marriage as being more concerned with wealth-building than spending."

A final tip: Once you've paid off the last balance on the last card, begin transferring the money once earmarked for debt payment straight into a savings account. By now, you probably won't miss it at all.

3 Get Smart About Savings

If you were one of those kids who stuffed her piggy bank with every spare quarter, hopefully you've continued that excellent habit. The key now is saving for slightly more sophisticated goals than a new outfit for Malibu Barbie. A house, say. Your future children's educations. Your retirement.

The two of you may also have other, shorter-term savings goals—an anniversary vacation or furniture, for example. So your first step is to sort out long-and-short-term goals—for both of you. Wilburn suggests this exercise: "Sit down separately and list your top five money goals. Put a rough price tag beside each, as well as the time you think it'll take to reach it. Then compare lists." Where do they match? How are they different? The idea is to stretch your negotiation muscles, and reach a compromise on the goals you'll save for now, and those that'll wait till later.

Designate savings as a monthly line-item on your budget. Once you make it automatic, and you start to see that you're building toward a goal, it'll be less painful. "Let's say you're saving for a house down payment," says Asnes. "It may mean giving up other things, like a new car or dinners out. But if you know *why* you're making that sacrifice, and you both agree, it can actually feel good."

Two more savings tips: First, don't stick with your same-old hometown bank if you can find better interest rates elsewhere (again, bankrate.com lets you compare interest rates among local and Internet banks, for savings as well as certificates of deposit or money-market accounts). Online banks like ING Direct offer great rates and easy access to your money. Second: Build three to six months' living expenses. "A savings cushion has obvious financial value," says Asnes. "It covers that unexpected expense so that you don't have to use a credit card, or tides you over if one of you loses a job. It also has emotional value, because a savings cushion eliminates that panicked, 'what if' feeling."

4 Amp Up Retirement Funds

Let's state this as simply as possible: If you think Social Security is going to cover all your needs (or even still exist!) when you retire, you haven't been paying very close attention to the news in the last couple of years. That uncertainty, plus the phasing out of many company pension plans, makes personal retirement savings, such as IRAs and employer-sponsored 401(k) plans, more a necessity than an "extra."

The good news for most newlyweds is that you have decades to get your ducks in a row. Your best bet: Be consistent with your contributions, and max out what you can deduct. "Put in as much as you have to in order to qualify for a company match, if your employer offers that," says Asnes. "Let's say your employer offers a dollar-for-dollar match at a certain contribution level. That's a 100 percent return on your investment. Never turn down free money!"

As for your investment choices, remember: If you're in your 20s or 30s, you should aim to invest 65 percent or more of your plan in stock funds (more risky), and 35 percent in bonds or cash funds (more stable). As you get closer to retirement, shift more money toward more stable investments. (Some experts advise young couples to aim for a ratio of 85 percent to 15 percent of stocks to bonds; it depends, in part, on your tolerance for risk.)

If you don't have a 401(k), open an IRA (if you're self-employed, a SEPP-IRA is a good option, too). A financial planner can help you with this, or go to a site like morningstar.com for help with sorting out fund performances.

Remember that time is on your side. Despite what the folks behind the lottery say, getting rich doesn't happen overnight—it's a lifelong journey. Honesty, togetherness and consistency will get you there. ■

Ways to Save $1,000 This Year

(virtually pain-free!)

By our quick calculations, you can net a nice little chunk just by taking these simple steps. Put it in a mutual-fund account, and watch it grow.

■ **DO LESS DRIVING.** Let's say you're spending $3 per gallon on gas for a car that gets 15 miles per gallon. That means for every 15 miles you don't drive, you save $3. Cut 30 miles of driving out of each week for a year (carpool to work a couple of days; consolidate errands so you aren't making dozens of short hops; walk or bike when you can), and you've saved $312 in a year.

■ **LOWER YOUR CABLE BILL.** Take a deep breath...and cancel premium cable. Most companies offer a low-cost (let's say, $20 per month) basic package. Assuming your old, 300-channel deal cost you an average of $50 per month, you pocket an extra $30 a month or $360 a year. (You can always rent a DVD of missed HBO shows and watch them when you want.)

■ **GET INTO GARDENING.** Have you been paying Joe's Landscaping $30 a week to mow your lawn? Let's assume that's just for the summer months; if you do it yourself, not only will you get a good workout, but you'll also save $360 in a 12-week period.