

Marriage and Finances: Planning for the Unexpected

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There are many benefits to being an active participant in managing the household finances when you are married. One of those benefits, while not easy to think about, is being better prepared to deal with some of life's unexpected events. This includes the possibility of experiencing a divorce or widowhood. Divorce presents a number of tricky situations, including emotional trauma, custody matters, and financial issues. Widowhood—which can happen at any age—can also create financial challenges that make an emotionally difficult time even harder.

Safeguard Against the Unexpected by Establishing Your Financial Independence

Although many people have the desire to throw themselves wholeheartedly into their marriage and fuse everything in their lives together into one, it is important to still maintain a level of financial independence. Being financially independent will also give you self-sufficiency so that you can act on your own in case of an emergency. Encouraging your partner or spouse to also remain financially independent will help protect you both.

Here are a few tips:

Maintain files of basic financial information.

Make sure you have your own hard copies of all of your family's financial documents. These may include: bank account numbers; safe deposit information; insurance beneficiary information; IRAs and other retirement account records; tax returns going back seven years; mutual fund statements and copies of stocks and bonds; copies of health, homeowners, life and auto insurance policies; the lease or mortgage information for your home; prenuptial agreement; wills, trusts and powers of attorney; and copies of birth and marriage certificates. In the unfortunate situation where you have to navigate your finances alone, having immediate access to this financial information will be invaluable.



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Have your own checking and savings account.

Having your own checking and savings account and access to funds can be a benefit throughout marriage. Should you find yourself at any point experiencing a divorce or widowhood, it will be an even greater relief to have direct access to those funds.

Establish and maintain good credit.

If you marry and put big financial decisions and purchases in your partner's hands, you may be putting your credit at risk. If your spouse has a habit of paying bills late that have both of your names on them, your personal credit will be negatively affected. Without good credit, it is difficult to get loans or an affordable credit card with lower interest rates. The start to a good credit score is having your own credit card with your name on it that you pay on time. It is also important to check your credit report each year and make sure there are no inaccuracies. You can check your credit report by visiting annualcreditreport.com, the only source for free credit reports authorized by the federal government.

Prioritize saving.

Having a significant source of savings in a personal account is the best safeguard against the financial challenges of losing a spouse. Commit yourself to saving a certain amount each week or month, even if you have to start small. While \$50 or less a month may not seem like a lot, it can really add up over time. Furthermore, having personal savings can improve your overall financial security in retirement. Many married individuals steer clear of saving for retirement if they believe their spouse is taking care of the retirement planning. But keep in mind, just because your spouse is doing the planning, it doesn't guarantee they are planning well or that you will be protected if the unexpected happens. While you might have access to a portion of your spouse's pension in the case of a divorce, there are no guarantees. Widows also often experience a drop in income after their spouse dies. Saving and planning for the unexpected makes smart financial sense for everyone.

For additional resources on topics of saving, investing and dealing with the impact of divorce and widowhood, visit WISER's website: wiserwomen.org

The Women's Institute for a Secure Retirement (WISER) is dedicated to the education and advocacy that will improve long-term financial quality of life for women. WISER operates the The National Resource Center on Women and Retirement Planning which serves as a national clearinghouse of tools and information on retirement and related financial education.
