Money and Marriage: The Financial Plan for Marital Bliss

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Marriage, it turns out, is even more than hefty emotional commitment, a blending of families, and the awesome chance to add another crazy aunt or uncle to your family tree. Specifically, when you are married, you become a single economic unit. Your partner's successes are your successes; similarly, your partner's debt or any fallout from a bad financial decision lands on your plate as well. Given what can be at stake financially, don't let that all-important conversation about money get forgotten or postponed amid the excitement of your upcoming nuptials.

Keeping debt or spending habits hidden can derail the financial plan that you will create together as a couple. Stashing away money in a hidden account can lengthen the time it takes to launch a business or save up that little bit extra for the down payment on your home. There is no single, encompassing solution to reconcile divergent perspectives on money, or to fix every couple's financial differences, but communication and compromise are where progress begins. Use the framework below for a conversation to get on the same page with your partner financially.

Begin the discussion with ground rules. Understand that you and your partner will not have identical views on money. Allowing open and honest sharing of your goals and respective financial situations gives your marriage the chance to start on the right note. Once you understand your individual financial positions, you can begin to build a shared strategy to achieve your goals. The following is what you need to start the process.

First, compile a list of everything you own and the value of each item. These are your assets, and they include:

- Bank accounts (checking, savings or money market accounts);
- Investment accounts (retirement plans through work, IRAs, individual accounts or trusts);
- Real estate (your home, condominium, rental properties or unimproved land);
- Savings bonds (you know, the gift a family member gave you at birth and is stashed somewhere in your parents' house);
- Life insurance and annuities (this may not apply to many, but if you have a whole life policy, count it).

From here, you'll have to decide how far you, as a couple, want to integrate your finances. Would you like to combine bank accounts? Do you want to keep separate accounts in "yours," "mine," and "ours" buckets to pay the bills but also keep each spouse's spending their own? How will income flow into these and other accounts?

Have you borrowed money and not fully paid it back yet? The next list to fashion is an accounting of your debts and liabilities, because they matter, too. Ideally, you have used, and will continue to use, loans for increasing your net worth rather than inflating your lifestyle. Debts on your list may include your student loans, credit card balances or personal loans, car notes, mortgages, and business loans.

Collect any outstanding debts in a single place to allow you to view them as a whole and prepare a repayment strategy. Make sure to have the balance, interest rate, monthly payment, and final payment date available. If you have excess cash, use it to pay off the debt with the highest interest rate first, as this gives you the largest "return." Paying off smaller loans first may increase the overall cost of your debt and potentially delay achieving your goals.

Another item to discuss is credit score. While not an asset or liability, your credit score affects the interest rate you receive on loans and some employers use credit checks to make hiring decisions. If either or both of you have a credit score on the lower end of the spectrum, start working to improve it by paying bills on time, keeping balances low relative to your maximum credit, and disputing any inaccuracies in your file.

Finally, work to align your money, namely your cash flow and other elements of your financial plan, with your goals and aspirations. Goals often fall into some broad categories, like accumulating a certain retirement nest egg, purchasing a new home, saving for a vacation, becoming debt-free, or starting a business.

Goals fit into two groups: core and aspirational. Your core goals are the ones you agree on and represent your top priorities. Aspirational goals are the nice-to-haves, like a motorcycle or big trip. Devote resources to the latter only after meeting your core goals (for example, hitting your retirement savings target for the month).

Your money conversation may start out awkwardly, but keep at it. The whole idea, after all, is to better your relationship. Approach this talk with an open mind, as your partner may not have the same background or relationship with money as you do. Encourage each other to share stories about money and aspirations for using it.

The ultimate goal is to build the financial plan that you both can stick with for the long term. It may not be the most empirically optimal, but the plan you believe in and follow is better than the "perfect" plan you abandon. Already married? The topics covered here are still important to discuss with your spouse.