7 Tools to Build a Strong Financial Foundation After Tying the Knot

Getting married is a wonderful milestone in life, but it also comes with a lot of responsibilities, including the need to manage your finances effectively. As newlyweds, there are several important steps you can take to help set yourselves up for a strong financial future.

1. Establish an emergency fund: One of the first things you should do as newlyweds is to establish an emergency fund. This is a savings account that is specifically earmarked for unexpected expenses, such as medical bills, car repairs, or job loss. It's often recommended to have at least three to six months' worth of living expenses saved in an emergency fund. This will give you peace of mind and help ensure that you are prepared for whatever life throws your way.

2. Set up term life insurance policies for both partners: Another important step in financial planning for newlyweds is to set up term life insurance policies for both partners. This is especially important if you have joint financial obligations, such as a mortgage or other loans. Term life insurance is cost effective and provides a death benefit for a specified period of time, which can help ensure that your loved ones are financially protected if something happens to you.

3. Participate in employer 401k plans: Many employers offer 401k plans, which are retirement savings accounts that allow you to save money and grow that money tax-deferred. If your employer offers a 401k plan, be sure to enroll and set up contributions that will come out of your paycheck pre-tax. Most (but not all) employers offer a match up to a stated percentage on those contributions so make sure you are taking advantage and contributing to receive the full match if possible. This is free money that will greatly help compound retirement savings over time.

4. Have a plan for any debt between partners. This may include student loans, credit card debt, or other types of debt. Make a plan to pay down this debt as soon as possible, and consider how it fits into your overall financial plan. You may want to prioritize paying down higher interest consumer debt first, and consider refinancing or consolidating your debt to save money on interest. By addressing any debt early on, you can help ensure that it doesn't become a burden on your future financial goals.

5. Set up Roth IRAs: In addition to participating in employer 401k plans, you may also want to consider setting up Roth IRAs. Roth IRAs are tax-advantaged retirement accounts that allow you to contribute **after-tax dollars** and withdraw your earnings tax-free in retirement. This can be a valuable addition to your retirement savings strategy, especially if you anticipate being in a higher tax bracket in retirement. You can also access the *contribution portion* of your Roth at any time without incurring taxes or penalties. Withdrawals that include any growth on investments before you are 59 and ½ *and* the Roth has been set up for less than 5 years will be penalized. There are also income limits to setting these up so visit with your advisor and/tax professional to ensure you and your spouse are eligible.

6. Set up a will and/or trust: Another important step in financial planning for newlyweds is to set up a will or trust. These are legal documents that outline your wishes for how your assets will be distributed after you pass away. Discuss your estate planning needs with an attorney who specializes in this area as

well as your advisor to figure out if a will or trust makes sense for your family and to help ensure that your assets go to the people you care about most. This will also help prevent family disputes, especially if there are children from previous marriages involved.

7. Set up a taxable investment account: Finally, you may want to consider setting up a taxable investment account. This is a type of investment account that is not tax-advantaged, but allows you to invest in a wide range of securities, including stocks, bonds, and mutual funds. This can be a good option if you have already maxed out your retirement account contributions and want to continue investing for the future.

In conclusion, financial planning for newlyweds is a critical step in building a strong foundation for your future together. By establishing an emergency fund, setting up term life insurance policies, participating in employer 401k plans, setting up Roth IRAs, setting up a will accompanied by written healthcare directives, and setting up a taxable investment account, you can help ensure that you are prepared for whatever life throws your way and are on track to achieve your financial goals. It's never too early to start planning for your financial future.