Financial Planning GUIDE

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Marriage and Money

Marriage is not solely the unification of love, it also is the merging of finances. Even if you plan on keeping incomes separate in your marriage, the actions of one will have great impact on the other.

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Taking out loans, investing in stocks or wracking up credit card debt will all have ramifications — positive or negative — that will resonate throughout your marriage.

The key to a healthy union is honesty and trust, especially when it comes to your finances. That's why it's important to be on the same page. Couples who put together a solid financial plan before they say "I do" are better prepared to handle the financials ups and downs that come with everyday life.

Planning a wedding is great practice for discovering what kind of financial personality your spouse has. Paying bills on time, negotiating rates and knowing how to stay within budget are all indicators that you're about to enter a healthy marriage. But wedding planning will only show you so much.

Sit down together today to review each other's income and financial objectives. Write out a working plan with a few objectives you have as a couple. Things like buying your first house together or saving for an annual vacation will take compromise and collaboration, two marks of any healthy marriage.

HOW TO START

Building a great financial plan begins with a simple meeting between you and your future spouse. Once you write down your goals, prioritize them. See how much you agree on where things rank in terms of importance and talk through any disagreements.

Maybe even more important than financial goals, however, is figuring out how you will pay for daily activities and bills. Make a simple chart that breaks down monthly income versus spending for each person. Combine them to give yourself of indication of what you can afford in terms of house rent or mortgages, car payments and discretionary spending.

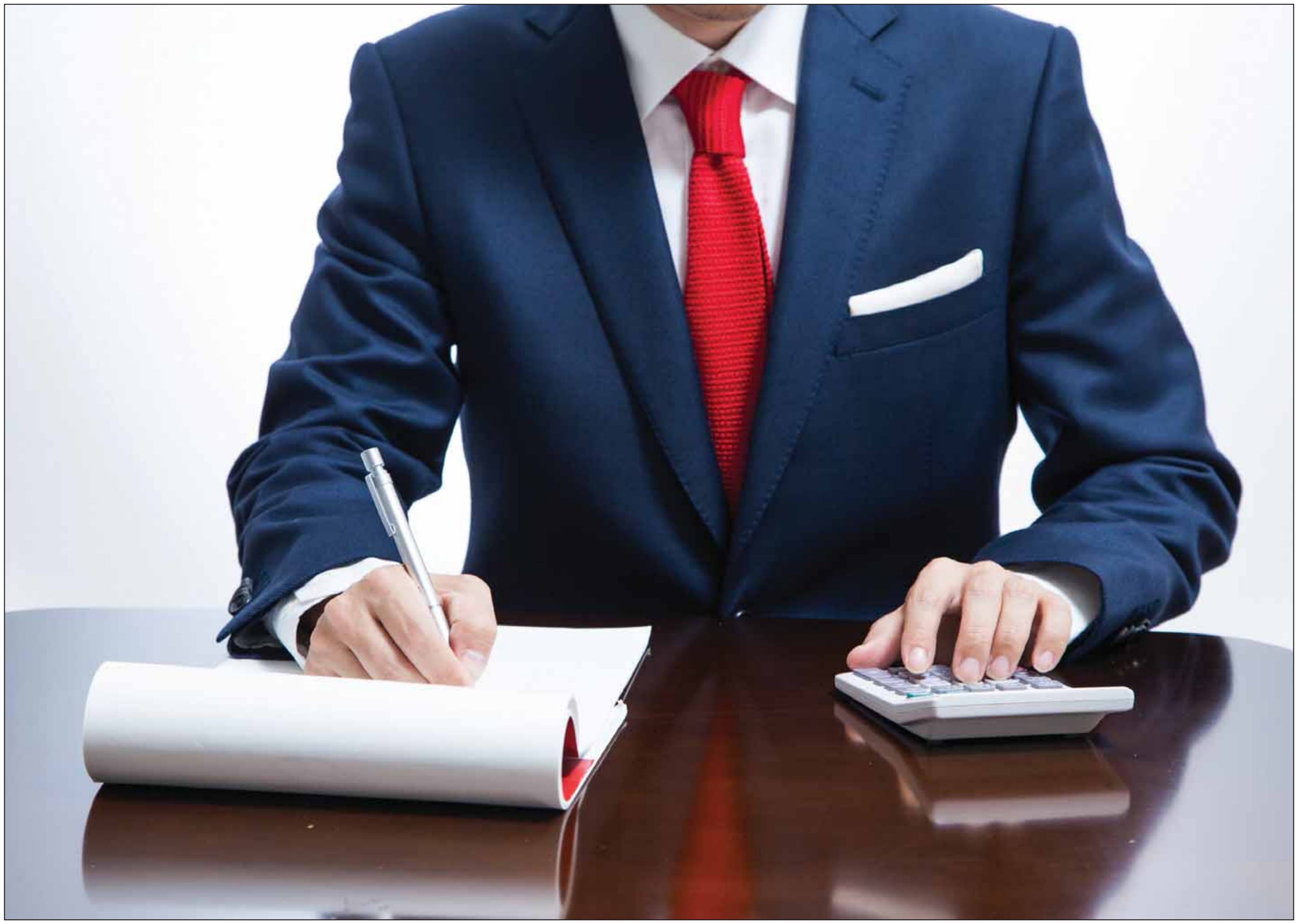
SPENDING SURPLUS MONEY

Hopefully you have a nice chunk leftover once you pay bills and take care of spending on entertainment. What to do with this extra money is where smart planning comes into play. Young couples sometimes overlook the importance of putting away some cash for retirement. If you plan on keeping up with your lifestyle later in life, every bit will count toward supplementing your Social Security income.

Additionally, consider using any extra money toward paying down debt such as student loans or credit cards. The sooner you get those bills off your books, the better off you'll be. Use the snowball technique to pay down debt. For example, if you have $200 in extra income, add it to the $100 you're already paying on the credit card bill. Once it is paid off, use that $300 to take down another high-interest loan. Repeat this until all of your debt is clear.

Can You Afford a Planner?

There is a stigma in the world of financial planning that you can only afford an advisor if you're rich. Not so.



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Finding the professional who is right for you will come down to your personal needs and financial goals. No matter which planner you choose, check out three or four professionals in your area to find one with whom you feel comfortable.

WHAT DO YOU NEED?

Financial planners are well versed in a variety of subjects. Do you need help making smart investments, or are you more focused on saving for retirement? Maybe you're just looking to consult with someone occasionally as changes in finances come up.

Some advisors include financial planning services in their fees while others will break out their fee for financial advice. Make sure you're getting what you pay for when signing on the dotted line.

KNOW HOW YOU'RE BEING CHARGED

Pay attention to the fine print when settling on an advisor. Find out if they charge a fee or are paid in commissions on the financial products you buy. If there is a fee, check to see if it's structured as an hourly or retainer payment.

Knowing this information will help you budget the money you spend on an advisor. Pay attention to the time your planner spends on your projects, especially if he or she charges by the hour.

CONSIDER STAYING LOCAL

When it comes to your finances, you want to be able to have an open line of communication with your investor or financial planner. Having to dial a 1-800 number every time you have a question just won't cut it. That's why staying local may be your best bet.

Additionally, local planners want you to be successful in your financial activities because it impacts the community around them. There is likely a local branch of a major national financial planning company in your neck of the woods.

529 College Savings Plans

The cost of tuition, textbooks, transportation and supplies are all at an all-time high. It's no wonder parents are adding 529 college savings plans to their financial strategies.

Data from the College Savings Plan Network show there are roughly 12 million 529 accounts, with an aggregate value of $250 billion, an average account size of $21,000.

WHY SAVE FOR COLLEGE?

Maybe you're expecting your child to pay for his or her own college. For a student with limited time to work off loans, that may not be the ideal plan.

According to College Board, the average yearly cost for tuition and fees at a public college for in-state residents is more than $9,000. For out-of-state residents, that average cost jumps to nearly $23,000. These figures underscore the importance of having a solid plan in place for handling college costs.

HOW 529 PLANS WORK

You can start a portfolio in a 529 plan by picking one based on your child's age or the year the money will be needed. The portfolio moves gradually to less risky investments as the draw date gets closer.

Just like traditional investing, this allows you to build the portfolio aggressively at the beginning of its lifespan and then back off when it's time to put it to work for you.

Earnings and interest on the money grow tax-free in 529 plans, although contributions are not tax deductible on federal tax returns. Distributions of the funds are tax exempt as long as the beneficiary uses the money for college-related expenses. Check with your financial planner for other details of 529 plans and how you can adjust them as the years pass.

STATIC OR AGGRESSIVE PORTFOLIO?

Most 529 plans offer a choice between static and aggressive portfolios. Static portfolios mean that the allocation in them does not change. Aggressive portfolios are focused mainly on stocks.

In most cases, changes to a 529 account can only be made twice a year. That means you cannot suddenly react to market conditions without taking into account your limit on changes.

Keeping a close relationship with your financial planner will help you make the smartest decisions on your plan.

Get Promoted? Save the Cash

They are the three little words that every professional loves to hear: You are promoted. Being recognized for your effort with a new title and bigger paycheck helps validate our commitment to our employers.

It also gives employees more money to spend on their families.

But how exactly should you spend the extra cash? Many financial planning professionals advise clients to avoid splurging on a new car or entertainment system. Investments, they say, are the better use of your money.

Especially if you don't necessarily need the extra money for your lifestyle, consider starting or adding to your retirement, savings or college account. Treat the extra income like it doesn't exist in your daily life, and instead watch it grow in a diversified set of investment vehicles that can set your family up for long-term success.

So go ahead and celebrate that new raise with a night on the town. Congratulations, you've earned it. But once the party is over, it's time to get down to business.

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REASSESS YOUR FINANCIAL GOALS

Take an hour to review where you stand financially and what your new raise will mean for your monthly income, bills and savings accounts. Is there an opportunity to invest more in your retirement or stocks? Maybe you can use some of the extra cash to fund your child's college savings account.

Whatever you decide, it's a smart move to sit down with a certified financial planner to discuss your options. Staying on top of your income today will mean a brighter future tomorrow.

BUILD A NEW PLAN

Putting together an adjusted financial plan is the first step to ensuring the fiscal health of your family. Maybe there are a few purchases you have been putting off until you gained some additional income. Now is the time to get them out of the way, as long as you're not financing them or dipping into savings.

Remember there is no big rush to get all the items on your list. Prioritize them within your financial plan and stick to it. Remain disciplined in your spending to stay on budget and open up cash flow.

Plan for Natural Disasters

With the number of hurricanes, tornadoes and flooding in the news, it's obvious that natural disasters can have major negative impacts on your property.

This will lead to ramifications for your wallet as you are forced to spend money on repairs and additional insurance.

More than 45 serious natural disasters struck the United States in 2014, ranging from severe storms and flooding to tornadoes, earthquakes, mudslides and wildfires, according to Federal Emergency Management Agency. These types of disasters can affect families anywhere at any time.

Smart financial planning is both short-term and long-term. In the face of a natural disaster, there may be a need to quickly access important financial documents and emergency cash in the event that ATMs and banks are inaccessible. Longer-term thinking will put you into position to handle unforeseen expenses and extra property precautions.

SMART FINANCIAL PLANNING

It's important to know how you'll pay for extra costs that can incur before or after a natural disaster. Costs can include travel expenses for relocation or the purchase of food and ice during a power outage.

While insurance will generally cover damages to your home, you may have to make purchases yourself before the claims process is completed.

About 36 percent of Americans rely on credit card use above all else when faced with an unforeseen major expense, according to the National Endowment for Financial Education. Having a solid financial plan in place can help free up additional savings that can keep you from paying the interest that comes with credit card purchases.

DISASTERS AND FINANCIAL PLANNING GUIDE

To help people ready their finances for natural disasters, the NEFE, American Red Cross and American Institute of Certified Public Accountants recently produced a new guide: "Disasters and Financial Planning: A Guide for Preparedness and Recovery."

The guide comes full of smart tips and useful checklists to help Americans plan their way through a natural disaster. The guide is available as a free download on any of the organizations' websites.

Financial Planning Days

Financial planning can seem like an insurmountable task. Maybe you think you don't have the extra finances to devote to savings. Maybe you're not comfortable discussing your financial situation with an advisor.

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Financial Planning Days were created for you. The national effort is a collaboration between the Certified Financial Planner Board of Standards, Financial Planning Association, Foundation for Financial Planning and the U.S. Conference of Mayors.

Every October, these groups put on a collection of free public events in cities across the country. Visit www.financialplanningdays.org to find out if any events will occur in a city near you.

2015 marked the sixth year of Financial Planning Days and featured events in 22 cities nationwide. The events helped connect thousands of consumers with hundreds of certified planners who worked as volunteers to provide free consultations and workshops.

INDIVIDUALIZED ATTENTION

Financial Planning Days enable you to meet one-on-one with certified professionals in comfortable settings such as schools, municipal buildings and libraries. Planners are able to address your specific financial questions and help set up smart plans for your personal situation.

These are not one-size-fits-all conferences with speakers addressing large audiences with one message. These are intimate, tailored interactions with professionals for invaluable personal finance advice.

Topics can include retirement planning, investment strategies, budgeting, credit and debt, taxes, insurance, education savings and small business finances, among many others.

IT'S FREE!

Many people are wary of seeking out professional financial help because of the fear of how much it may cost them. Financial Planning Days are absolutely free.

According to the event's website, all financial planners are participating as volunteers and do not record your name for future solicitation. They don't even hand out business cards or marketing materials unless you ask for them, proving that the events are genuinely geared toward helping you meet your financial goals.

"Retirement should be about enjoying yourself, not second -guessing **your retirement planning**. We can work with you one-on-one to set goals, establish a saving and investment strategy, and be there for you year after year."

WHAT ARE YOUR FINANCIAL GOALS?

Contact my office today to start planning to meet **your** individual financial goals.

Gary Charlon

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