Date: June 8, 2012
To: Mary Beth Smetzer, community news editor, News-Miner, 459-7546 (wk), 452-7917 (fax), msmetzer@newsminer.com, and people@newsminer.com
From: Roxie Dinstel via Ronda Boswell
Re: Pinching Pennies to run Mondays on page A-3
Additional Contact: Debbie Carter, information officer, 474-5406, dscarter@alaska.edu

‘Tis the season of weddings. New beginnings and fresh starts are in the offing.

Whether you are getting married or someone close to you is getting married, it is the time to do a financial check before the wedding bells chime. It’s not just a matter of uniting your plans and dreams; you are combining your spending habits and past debt.

Know where you stand before you tie the knot. We are getting married later, so there is ample time to rack up debt. Chances are one or both of the people in a marriage have significant student loans. With the average student debt load approaching $25,000 and the credit card debt at almost $5,000 per person, the chances of debt stress are high. By being honest about finances at the first of the marriage, couples can deal with the stress much easier.

It’s important that you remember that marrying someone doesn’t automatically make you responsible for any debt that they have incurred. However, it does affect the amount of money available to spend after you are married and it does affect your ability to borrow money for new items such as a car or a house.

Don’t keep your spending habits a secret. Have a frank discussion of what you spend money on and your beliefs about money. Watch how the other person spends their money. If they are a free spender before marriage, the pattern will continue after marriage. When a free spender marries a frugal spender, the arguments will follow. Talking about it before the marriage may help you make some compromises. Or, at least let you know where the problems might occur.

Air all your financial dirty (or clean) laundry. Write down all your debt and obligations and share it with the other person. Bring out last year’s bank statements and credit card statements. This will give a couple an opportunity to come clean with one another and give everyone a shared understanding of financial values and obligations.

Get a copy of each other’s credit report. Then you’ll know how you will be judged as a couple for future credit opportunities. Work to get both partners’ credit scores over 750.
Don’t go overboard on the wedding. Make sure you buy a wedding that can be paid off in less than a year. It is tempting to make this a once-in-a-lifetime memory, but make sure you can pay for it.

Make a plan for future financial issues. Before the first bills come in, decide who will pay them and when they will be paid. If you choose to keep separate bank accounts, make sure everyone agrees on who will pay each bill. Notify creditors of name changes and new addresses.

Each person should have a credit card in his or her own name to build individual credit. Make sure the account is paid in full each month, which will help strengthen the credit scores.

If either partner (or both) comes into the marriage with credit card debt, work toward paying off that debt. Extra money, such as a raise, permanent fund dividend or money from a second job can be used to pay down the debt. The sooner debt is alleviated, the sooner you will be able to move forward in your financial life.

Weddings are joyous occasions. Don’t let the financial realities cause difficulties in this new relationship.

Roxie Rodgers Dinstel is a professor of extension on the Tanana District Extension Faculty. Questions or column requests can be e-mailed to her at rrdinstel@alaska.edu or by calling 907-474-2426. The Cooperative Extension Service is part of the University of Alaska Fairbanks, working in cooperation with the U.S. Department of Agriculture.