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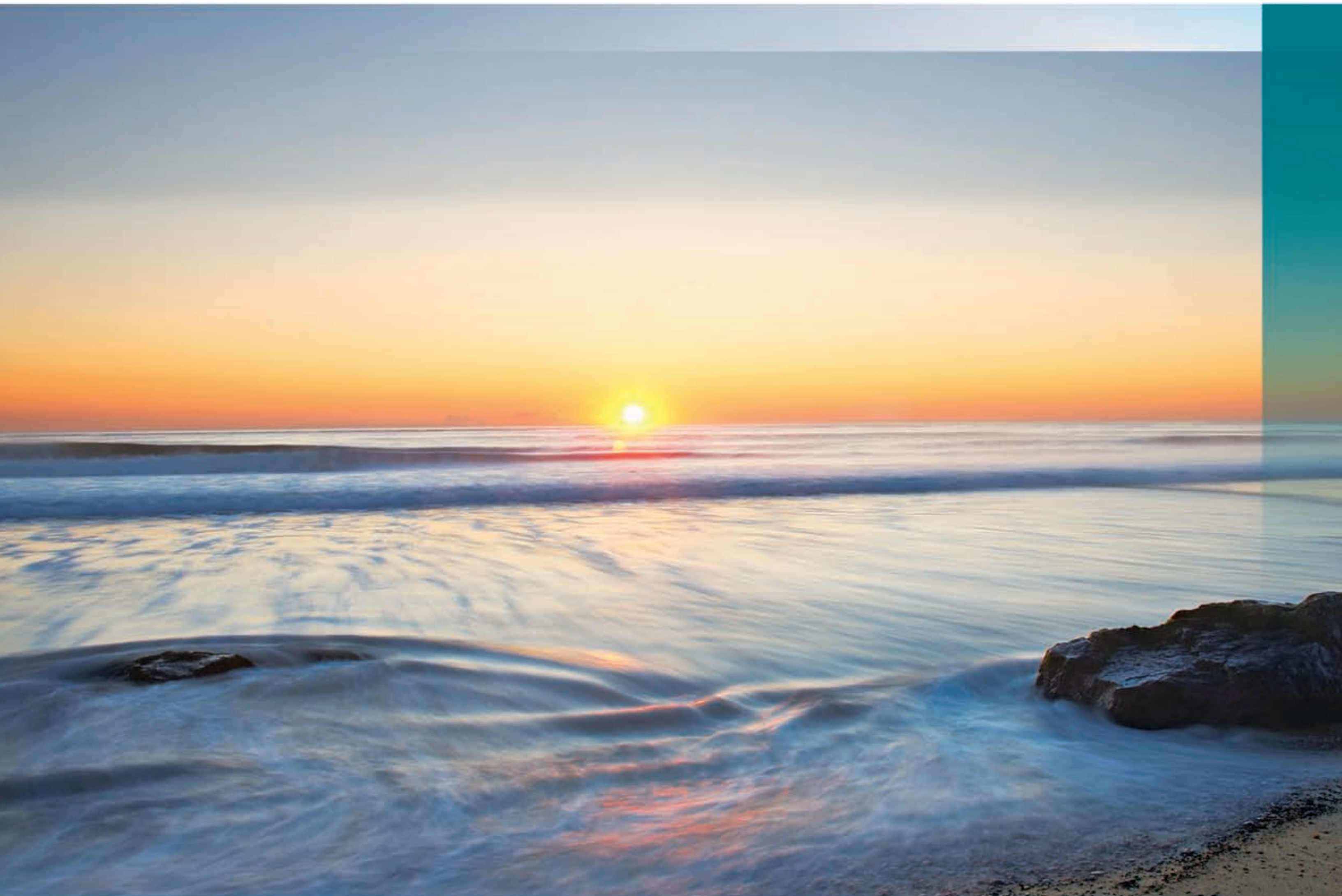

Getting Married

NEW YORK LIFE

MAINSTAY INVESTMENTS℠
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What's inside

Getting Married

Congratulations! You're getting married and while the prospect of getting married can be both exciting and daunting, it's also a good time for you and your future spouse to discuss your finances. Sharing the financial responsibilities can be a bit tricky, especially if one of you is a spender and the other is a saver. Hopefully this is not the first time you've spoken with your future spouse about your current financial picture or how your combined financial life will work. Let this article be a guide to the things you need to keep in mind when planning your wedding, as well as things to consider after your wedding day.

Make a Budget and Stick to it

Budgeting can sometimes be a dirty word but one thing is clear—you do not want to go into marriage heavily in debt! And although Americans are no strangers to being in debt (to the tune of roughly $2.5 trillion in credit card debt in 2011[1]), don't be another statistic of overspending. Sit down and carefully think about how much you can spend, not how much you want to spend, as well as who is going to pay for it all.

Ways to Cut Costs

Looking for ways to keep wedding costs down?

- Select an off-season—or a Friday, Saturday afternoon, or Sunday, as opposed to a Saturday evening—you may be able to save significantly.
- Have the wedding earlier in the day rather than in the evening.
- Consider having a buffet-style reception instead of a sit-down dinner, which can reduce your catering costs, since you won't have to pay for a wait staff.

Thinking of Others

As you are planning the wedding of your dreams, don't forget to consider your family and close friends.

- Choose a wedding date that works best for as many people as possible—and let people know well in advance.
- Register for gifts early, since some people may want to send an engagement gift when they hear the news.
- Select a store everyone can get to, or even better, that offers an online registry and choose gifts within a wide range of prices, so that everyone can find something that works for them.

1. Federal Reserve Consumer Credit Report, March 2011.

The Indispensable Wedding Checklist

As you plan your wedding and honeymoon, use the following checklist for planning as well as budgeting, carefully writing down an amount after each item.

Wedding Arrangements	Person/Venue	Est. Cost
Date		$
Ceremony		$
Reception		$
Gift Registration		
Wedding Party		
❏ Maid of Honor		
❏ Best Man		
❏ Bridesmaids		
❏ Ushers		
❏ Flower Girl(s)		
❏ Ring Bearer		
Ceremony Presider		$
Caterer		$
Limousine(s)		$
Music		
❏ Ceremony (organist, singers, etc.)		$
❏ Reception (DJ, live band, etc.)		$
Flowers		
❏ Ceremony		$
❏ Wedding Party (Bridesmaids, Groomsmen, etc.)		$
❏ Reception		$
Photographer/Videographer		$
Rings		$
Marriage License		$
Honeymoon		$
	Total	**$**

Post Wedding To-Dos

Although the wedding may be over, there are still some post-wedding details to take care of. Use the list below to help you with some of the things you need to consider and do after the wedding:

- Write thank-you notes as soon as possible.
- Update beneficiaries on your insurance policies, bank accounts, 401(k) plans, and other retirement plans.
- Name changes on credit cards, Social Security, driver's licenses, passports, bank accounts, insurance policies, etc.
- Get on the same financial page about budgeting, debt, and your financial goals.
- Do you need life insurance or more life insurance?
- Do you want to consolidate bank accounts?
- Whose health care provides better coverage?
- Do you need to update your auto insurance? What about your homeowners insurance?
- What additional expenses do you need to budget for (mortgage, student loans, credit card debt, etc.)?

Money and Marriage 101

Now that you're married, you can finally settle down into being a family. You'll be sharing your hopes and dreams, a home, and, just as important, your finances. For starters, unless there is a pre-nuptial agreement, you will share your assets and debts with your spouse (community property laws apply in certain states). Don't worry. You can still create a post-nuptial agreement if you choose, but remember that you each must be represented by lawyers, and full disclosure is required.

If you want to simply share your money, you and your spouse should determine your:

- Net worth. In addition to your income, make sure to list your mutual funds and other investments, checking and savings account amounts, money markets or CDs, employer benefits, such as 401(k)s and life insurance, real estate holdings, and so on. These assets minus your liabilities (including your debt) constitutes your net worth.

- **Monthly expenses.** Besides rent/mortgage, food, and other predictable expenses, remember to include disability and health insurance (now that you're married, you have the option to pick one plan, so figure that into your finances). You might also want to track expenses closely for at least a month to determine where your money is going. It's an easy way to determine spending patterns and pinpoint solutions for tighter budgets.
- **Debts.** Debts can mean credit card debt, school loans, mortgages, car payments, investment debts (if you buy on margin), and more. With each, you should determine how much you owe and the interest rate. With credit cards, it might be wise to switch your balances to cards with lower rates, or use your savings to pay off the accounts with high-interest rates. Estimate how long it will take until you are free of debt.
- **Financial goals.** Talk with your spouse about financial goals. Do you want to travel and dine out, or eat in and save? How much do you want to spend on buying a home, decorating expenses, leasing a car, and so on?
- **Budget.** Create a monthly budget to meet your financial goals. Make sure to set aside money for emergency expenses, or in case either of you get sick or disabled. The rule of thumb is to save from three to six months in expenses including rent/mortgage, utilities, loan payments, etc.
- **Bank account type.** Many couples set up a joint bank account, others decide to keep their incomes separate and divvy up the bills, still others have a shared account for household bills and separate accounts for personal use. The choice is up to you. In addition to checking and savings accounts, you may want to consider money market accounts, which usually earn higher interest rates than savings accounts, and certificates of deposit, or CDs, where you make an investment for a fixed amount of time and earn interest. Short-term U.S. Treasury Bonds are also an option. But there are pros and cons to each. Make sure to research them carefully.

Updating Paperwork

Although it doesn't sound too romantic, marriage means paperwork. For example, if you are the wife, and take your husband's last name, you will need to change your name on your driver's license, passport, credit cards, and Social Security card.

- **Personal documents.** Both of you need to update your "next of kin" on your driver's license and Social Security cards. Also, update your emergency contact list at your work, gym, or club.
- **Legal documents.** Most importantly, though, you will need to update legal documents, such as wills. Your wills determine how your estate will be distributed if you die. Through your wills, you can allocate assets pretty much as you see fit, provided your decisions do not conflict with the laws of your state. Without wills, however, these decisions will be made for you, without regard to your wishes. Though this is perhaps the last subject you want to address at this time, it is one of those "must do" issues that should not be put off. Meet with your attorney as soon as possible to update your wills so they reflect your new marital status.
- **Beneficiary information.** Delaying this action could lead to painful financial consequences for your spouse if something happened to you. Not only might proceeds go to another party, which could leave your spouse effectively disinherited, but court challenges could also tie up your estate for years in costly litigation. So, take the time to take care of these matters now. Note that these designations cannot be changed by your will, nor will they necessarily change automatically upon marriage.

Remember also to change the names on any other insurance owned through work (life, health, disability), or any insurance offered by credit cards or banks.

Other beneficiary designations can be found on bank or brokerage statements, real estate documents, business contracts, and retirement accounts including pensions, IRAs, and annuities.

Helpful Hint...

Life insurance changes can be made by contacting your life insurance company. Your insurance agent can help you change the beneficiary on your life insurance policy, and can obtain and walk you through the required forms.

Filing Taxes: Happier Returns?

In 2001, a married couple received a $7,600 standard deduction; single people each received $4,550 or a total for two of $9,100. That's a $1,500 difference, or the so-called marriage penalty.

The marriage penalty exists whenever the tax on a married couple's joint return would be greater than the total taxes each spouse would owe if they were single and each filed his or her own return as a single taxpayer (or as a head of household). This often happens when both spouses work and earn about the same amount of income.

Legislation has been enacted over the years to reduce this penalty by making the standard deduction for married couples (that file jointly) double what it would be for single taxpayers ($11,600 and $5,800 respectively, for 2011), and by doubling the 15% rate bracket for married couples (filing jointly) compared to single taxpayers. However, because the higher rate brackets are not similarly adjusted, and there are other provisions in the tax law that provide a relatively greater benefit to single filers, the marriage penalty may still exist for many couples, depending on their circumstances.

Because of this penalty, in some cases, it may make sense for you to consider filing as "married filing separately," rather than file as "married filing jointly." Although the standard deduction for a "married filing separately" taxpayer is only $5,800 in 2011, many factors can influence which filing status is better for you. These factors include the extent of differences in the amount of income each of you earn, and in the tax deductible expenses (e.g., medical expenses) that each of you incur.

You should talk to a tax advisor to determine which filing status is best for your situation, since the marriage penalty can be greater for some couples than for others. For some, there may be no marriage penalty as a result of filing jointly.

Protecting Your Loved Ones

If you died, or if you became so disabled that you couldn't earn a living, what would your family do? How would they meet the mortgage payments, the car payments, or pay the utilities, taxes, and other bills? Perhaps they could convert your assets into income-generating investments. It can be done, but the result probably wouldn't replace all of your income.

Life insurance is perhaps the most effective tool for replacing lost income due to the death of an income earner, as it can deliver a designated amount of money to your spouse (if listed as the beneficiary), generally income tax-free, at the very time it is needed most.

Make sure to review your disability income insurance needs, too.[2] If you become disabled due to a serious illness or accident, you risk becoming "economically dead" to your family. Disability income insurance can replace your income and help maintain your family's income stream.

How Much is Enough?

The amount you need depends on the income you'd want your family to receive should anything happen to you. To figure out how much is enough, first calculate your net worth. Work up a financial statement of your assets and liabilities, and determine which assets, after taxes, would be available to provide income. Your agent and investment professional can help you with this.

When estimating a ballpark figure of coverage needs, many people multiply their annual income by the number of years they want to provide lost income. But there are other factors to consider:

- When reviewing your existing coverage, be careful about including employer-sponsored insurance when calculating your needs. It may end with your employment if you change jobs, leaving you underinsured.
- Be wary of counting term life insurance when adding up your total coverage. Term insurance provides protection for a limited period of time. Although most term coverages are renewable, they can expire, or can be cost prohibitive to renew, as you get older.

2. Products available through one or more carriers not affiliated with New York Life Insurance Company, dependent on carrier authorization and product availability in your state or locality.

- If you have a child with special needs or a disabled spouse, you may need life insurance to provide lifelong income, not just for a limited number of years.
- If you have excessive debts or higher education bills on the horizon, you may need more coverage than the formula indicates.
- Don’t forget to consider taxes and inflation.
- If there are other sources of income available, you may not need as much coverage as you think.

Investing Your Assets

Even investing substantial assets might not guarantee your family’s financial security for life, since not all assets are liquid or capable of generating income. It may not be practical to convert your home, autos, and other possessions into income-generating assets. Inflation is still a long-term consideration that should not be ignored. Even at an average 4% annual rate, inflation will reduce the purchasing power of $1.00 to $.50 in 18 years.

Saving and Accumulating Money

There is no better time than now to begin building wealth for the future, as you and your spouse plan your lives together. There are many strategies for accumulating money for a house, retirement, college savings, or other goals.

Check out our “Investor Education“ section at mainstayinvestments.com for help in building your financial knowledge, organizing your personal documents, planning for retirement, and funding a college education. Our web site also has a “Personal Retirement Planning“ section that can assist you with personal retirement strategies. Once you’ve learned effective ways to save for your goals, use our financial calculators to help you figure out how you can effectively save for your needs.

Money Management and Your Spouse

Some people think managing money is fun. They read the *Wall Street Journal* every day, track money news on the Internet, know how to create and follow a household budget, and enjoy paying the bills. Others don't get all that excited when the Dow hits a new high, a favorite stock splits, or all the credit card bills are paid off. They simply don't enjoy money management, and they never will.

The problem. It can be a disaster if you are the one who handles all your household's money and financial decisions and you are married to a person who, for whatever reason, has limited knowledge or interest in such matters. In short, what will happen to your spouse if something happens to you—if you die or become disabled? In such situations, financial mismanagement can lead to loss of assets you have spent a lifetime accumulating, and leave your spouse at risk financially.

The good news. Fortunately, there are solutions to alleviate the risks. Here are some suggestions to get started:

Make sure your spouse has a plan. The subject goes beyond cash and investments. Don't forget insurance. Life insurance could increase the size of the estate and the estate tax liability, so it's important to set up your life insurance properly. Plus, be sure you have adequate life insurance. This helps ensure that your spouse will have the necessary resources to provide for the family if you die. Keep saving money for retirement, too.

Prepare yourself. Start by keeping good and clear records. That way, even if your spouse has difficulty, your financial professionals will be able to make sense of your files. At the same time, map out your estate plan, and make sure your family and financial professionals understand your intentions should something happen to you. We can help. Consult the "Investor Education" section on our web site at mainstayinvestments.com for assistance in organizing important documents.

Did You Know...

Look up your local non-profit Consumer Credit Counseling Service web site for ideas to help pay off debt.

Educate and inform your spouse. At the bare minimum, introduce your spouse to your attorney, accountant, and other professionals, including your agent and investment professional. Explain where documents are located and go over the general concept of your plan. The *LifeFolio Home Filing System* and sample notification letters were created to help you prepare your loved ones for an emergency situation. If appropriate, you can also suggest attending financial seminars or mini-classes together, or you may want to recommend paying the bills together each week.

Some spouses embrace the idea of becoming closely involved in financial matters. Others would just as soon have an overview of the process, yet leave the details to professionals. That is why trusts are so popular. They can also help your spouse manage assets. Contact your attorney for more information on trusts. Another safeguard is life insurance settlement options. Instead of a lump-sum payment, death proceeds from life insurance can be paid in a number of ways, including annuities, that can create a lifetime income.

Notes:

GUARANTEED INCOME[3] | PROVEN WEALTH-BUILDING TOOLS | MUTUAL FUNDS[4]

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