

## **Yours, Mine and Ours: A Checklist for Blended Family Finances**

**When combining finances as a new family, there's lots to consider. To make the best choices, here are six key areas to plan ahead and consider.**



*Getty Images*

Family finances can prove tricky under any circumstances, but that's even more so with blended families, where two sets of often well-established financial histories and philosophies try to merge into one.

At Semmax Financial Group, we've seen a number of blended families these days where people have remarried, either after a divorce or the death of a spouse. Sometimes it's older couples already in retirement. In other cases, it's a younger couple still trying to raise children. But regardless of the specifics of any individual situation, when families blend, so do their finances, and that's when things can get problematic if careful planning and communication don't happen.

I know. I have a blended family myself, and one of the first questions my wife (then my girlfriend) asked me was about my credit rating. It was a great question because, if you plan to buy a house together, buy a car together or handle a variety of issues involving money, both of your credit ratings will come into play.

None of this is to say you should let finances become the final factor in deciding whether you take that relationship further. But you do want to make sure you have a good handle on the myriad financial issues that can come up.

Beyond credit ratings, here's a checklist of a few things to consider:

### **Money habits**

People grow up with different thoughts about money, influenced by their parents or by the circumstances of their formative years. Some people are exceptionally frugal, saving every penny and seldom, if ever, splurging on something just for fun. Others spend with abandon, unconcerned about the unexpected expenses life can throw at them at any moment. Many are somewhere in between these extremes.

If you are entering a serious relationship, you should talk with your new partner about how each of you approaches spending money.

### **Financial accounts and bills**

Once you learn each other's financial philosophy, you will have decisions to make. Should you blend your financial accounts or keep them separate?

If the two of you are closely aligned with your finances and how you approach spending, you may decide to just combine everything. If you are older, have adult children from prior relationships and are more financially established, you may decide to keep things separate. For many, a hybrid approach may be best — keep some things separate, but have common savings, investments and household accounts to achieve your blended goals.

### **Family**

When there are children from a prior marriage — especially young children — additional financial situations come into play. Does one person owe or receive child support? How does that fit into the overall budget? What's the status of college funding for the children, and are there other obligations related to them? All of these questions should be addressed and hashed out.

Also, beyond the financial issues, remember that it takes time, patience and a concerted effort by everyone to successfully blend a happy family. Understand that it may take longer for some children than others to accept the "new" addition to the team.

### **Real estate**

Where will you live, and what will you do about any houses you already own? The option you choose could come down to a combination of financial prudence and personal desire. You could live in one house and sell or rent the other. Or you could sell both houses and buy a new one, giving your blended family a fresh start.

As you make this decision, you should consider such factors as how much of a mortgage is owed on each house, how much are the property taxes, and does one house meet the blended family's needs more than the other.

### **Legal issues**

It may be prudent to consider a prenuptial agreement, especially if significant assets are involved or if the two of you have large differences in your overall finances. Also, as your family blends, make sure your beneficiaries are up to date, whether that's for a will, a life insurance policy or retirement accounts.

In addition, you will want to update medical directives and durable power of attorney. It's best to consult with an attorney when working on these issues.

**NYSUT NOTE: Do you need help getting your legal documents in order? Check out the NYSUT Member Benefits Trust-endorsed Legal Service Plan, which can assist you with everything from preparing crucial legal documents to dealing with traffic violations. Provided by the law firm of Feldman, Kramer & Monaco, P.C., this plan provides unlimited access to toll-free legal advice from a national network of lawyers. For more information or to enroll, [click here](#).**

## Goals

It's important to have common goals for the family and the finances and to communicate those goals. A good visual way to do that — and a good family project — is to create a “vision board” with everyone involved participating so that all points of view are heard.

Sure, there's plenty to think about here, but a financial professional should be able to provide guidance on what to consider and the pros and cons of each option that presents itself. The final decisions, though, will be up to you and your significant other.

Above all else, it's important to understand the value (not always financial) that each person brings to the relationship and how you can work as a team to accomplish your dreams.

**NYSUT NOTE: Are you interested in professional financial planning guidance but not sure where to start? The NYSUT Member Benefits Corporation-endorsed Financial Counseling Program offers access to a team of Certified Financial Planners® and Registered Investment Advisors that provide members with fee-based financial counseling services. Get unbiased advice that is customized specifically for you and your financial situation. Visit [the website](#) for more information or to enroll.**

*This article was written by and presents the views of our contributing adviser, not the Kiplinger editorial staff. You can check adviser records with the [SEC](#) or with [FINRA](#).*

## About The Author

Michael Sellers, CFP®

*Financial Adviser, Semmax Financial Group*

Michael Sellers is a financial adviser with Semmax Financial Group in Winston-Salem, N.C. He has a wide breadth of experience in financial services and earned his CERTIFIED FINANCIAL PLANNER™ (CFP®) professional designation while working at Vanguard in 2017. Sellers has a Bachelor of Arts in economics from Wake Forest University.

# Kiplinger