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FINANCIAL MISSTEPS MADE BY MARRIED WOMEN

Plan to avoid these common money blunders.

Presented by Gary Mastrodonato, CEA

A recent survey found that over 60% of women feel they are better at handling money than men are.[1] However, married women sometimes find themselves in perplexing financial situations – conditions that might be avoided with a little planning and/or foresight. With vigilance, you can plan to steer clear of these mistakes.

Not saving enough for retirement after marriage. If your spouse earns a huge salary and has invested avidly, you may have less impetus to save for retirement yourself. Your IRA, 401(k) or 403(b) may start to seem more supplemental than primary. Yet what happens if the relationship ends someday and you personally end up with a retirement savings shortfall? *Keep contributing to your own retirement accounts.*

Dipping into retirement savings once married. If your spouse is really wealthy or has much greater net worth than you do, your retirement nest egg may seem minor in comparison. Your spouse may tell you that with all the investments and savings that you collectively possess, you taking a loan out of your 401(k) won't be that bad. Well, drawing down your own retirement savings could look like a very bad move 20 or 30 years from now. Who knows what changes life could have in store? *Resist the temptation to siphon off your retirement savings.*

Trusting a reckless spouse with your finances. When you love someone who is cavalier with money, look out. Beware of ceding financial control or your financial say in such a situation. If you marry someone with severe debt problems, don't think that you will be financially immune from the effects of those problems. If your spouse is a wastrel or has a terrible credit rating, do not "hand over the keys" to the household finances. *Watch what goes on with the bank accounts, investment accounts and credit cards among you– keep communication open and encourage transparency.*

Forfeiting some or all of your financial identity. You may have taken your spouse's name, but that does not mean you need to give up your own credit card for a shared one, merge your personal checking account into a joint one, and so forth. If you don't use a credit card for several months or years, you won't have to pay a fee but it could show up as "inactive" on your credit report. The credit card issuer may move to close the account, and losing the credit history of that card could hurt your credit score. *Retain individual savings and investment accounts and individual credit cards.*[2]

Divorcing with an "equal" rather than equitable financial settlement. If a divorce happens, the impulse may be to amicably split things "50/50" … or, the focus may be on keeping custody of your kids or keeping your home with your financial potential a distant second. However, you must keep your financial future in mind.

Quite often, a woman will be instrumental in building a business or professional practice with her spouse – but she may not be a part of that successful company or professional entity after a divorce. If you divorce and have helped your spouse build a business to greater or lesser degree, you may not only find yourself out of work but taking a job that pays less or having to learn new skills to compete in the job market. Your earnings potential and retirement savings potential may be affected. *If you should divorce, seek an equitable settlement that considers your future financial potential; this is even more important than retaining material wealth or real property from the marriage.*

Losing touch with your career path. If you have happily put a career aside to raise kids, keep in mind that you might find yourself returning to work sooner rather than later. Life events, economic necessity, personal desire and growing children may all be factors. Yet a long, total absence from the workplace can make it difficult to step back in – the technology or outlook of any given field can change radically across a few short years. *Try to keep a foot (or at least a toe) in your career via consulting or networking efforts.*

The takeaway: look out for your financial well-being. It is okay to emphasize (and plan for) your own financial destiny when you are married. In fact, it is both wise and appropriate to do so.

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Citations.

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