Financial Tips for Blended Families

Becoming part of a blended family can certainly be rewarding. Of course, as is the case in all families, there will be challenges, one of which is financial. A blended family must deal with some specific financial issues, so it's a good idea to become familiar with them.

In particular, consider these areas:

• **Separate or joint accounts?** – Should your two family units combine all your finances or maintain separate accounts? There's no one correct answer for everyone, because this issue has emotional and psychological components to it, as well as financial considerations. But the nature of your new, blended family might guide you to a choice that makes sense for your situation.

So, for example, if you are remarrying at a later stage in life, and you and your new spouse have adult children, you might think the best move is to keep separate accounts. But if you are joining households with a spouse or partner with younger children, you may want to merge accounts to pay for household expenses and work toward your new, shared financial objectives. And it doesn't have to be an "either-or" approach — you might decide to blend some accounts and keep others separate.

• **Debts and credit ratings** – It's likely that you and your new spouse or partner, and perhaps even some children, will bring debts into your blended family. As these debts can affect your family's finances in several ways, including your ability to borrow and your credit ratings, you will want to know what everyone owes, and the amount of monthly payments needed to meet these obligations. After that, you may be able to find ways to consolidate debts or find other ways to reduce or eliminate them.

• **Legal issues** – When you establish a blended family, you may want to review, and possibly update, the beneficiary designations on your life insurance policy and retirement accounts, such as your IRA and 401(k). These designations can supersede instructions you may have left in your estate planning documents — including your last will and testament — so it's important to ensure they reflect your current wishes. And speaking of your estate plans, you may well need to revise them, too, in consultation with your attorney.

• **Attitudes toward money** – Attitudes toward money — yours and those of your new spouse or partner — should be addressed when starting a blended family. Is one of you more of a saver while the other spends more freely? As investors, does one of you favor taking more risk while the other is more conservative? It's important to reconcile these differences as best you can, especially if you plan on merging your finances. This means that you both may need to compromise somewhat, but you should strive to avoid having either of you feeling uncomfortable in your choices. In any case, open and honest communication is the first step in achieving a harmonious financial strategy.

These aren't the only financial considerations involved with blended families, but they should give you some things to think about — and the earlier you start thinking about them, the better.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.

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