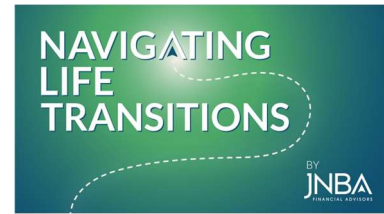


Podcast Transcript: Navigating Getting Married



Kim Insley:

I'm Kim Insley. Thanks for joining us for Navigating Life Transitions, a podcast where we bring together advisors experienced in financial life planning to talk about ways to navigate life's biggest changes, challenges, opportunities, and decisions, from growing a family to losing a loved one, promotions, retirement, marriage, divorce. We discuss these pivotal moments that could benefit from the guidance a financial advisory team can provide.

And today we're going to talk about getting married. Yeah, there's a lot of excitement surrounding the walk down the aisle, fairy tale feeling.

Elise Huston:

Yeah, I remember.

Kim Insley:

But taking a pragmatic approach to this commitment can really help you and your future spouse start off with a firm foundation. Joining me today are two advisors from JNBA Financial Advisors, serving clients in Minnesota, Florida, and throughout the U.S. Elise Huston and Chris Mastley who work with people who find themselves at this life transition. And they're both married, not to each other, but they've been down that aisle too. So, Elise, when it comes to preparing for marriage, why would you even consider bringing a financial advisor into the mix before the walk down the aisle?

Elise Huston:

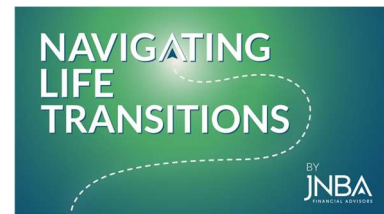
Yeah, so having conversations about finances in advance, so there's no surprises is so important, but statistics show that each generation seems to be waiting longer and longer to tie the knot. Many experts can appoint towards people's desire to just have a greater focus on educational and career aspirations as the predominant reason why people aren't in as big a hurry for both marriage and growing a family. It's interesting to know, back in the 1950s, the average age of a woman to get married for the first time was 20 years old. Today, survey data shows that the average twenty-something woman is much more likely to seek a college degree or other education and marriage considerations really aren't a focus until maybe her late twenties or early thirties.*

So, with the potential for two individuals to be more established in their lives when they decide to get married, it can just be beneficial and strategic to take that time and prepare for combining your assets. And also, to think about what are your combined financial values going to be, because you may also do have kind of a firm foundation of what you believe financially, what you learned from your parents, but now you've been doing this on your own for a while and likely kind of decided what you want your future to look like financially too.

Kim Insley:

I love that people are waiting. I remember when I was 20 and my parents and I ran into a family, their friend, and he was like, "Oh, you're 20. I guess it's about time to get married." And I was so grateful because my mom, dad, and I all looked at him like he had three heads. What are you talking about? So, I never felt that pressure, but people are waiting. You're right, they're bringing

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more into it. So, Chris, what things should people be considering as they head into this, regardless of what age they are at that time?

Chris Mastley:

Well, I think at the most basic level, it's really just having open communication with one another. We have the privilege of talking to a lot of newly engaged couples. Talking through existing family relationships, and we really try to help solidify what that financial foundation should look like in their lives moving forward. I kind of like to think about it in three different pieces, kind of, past, present, and future. When we look at the past, Elise has kind of shared a little bit earlier on, know each other's kind of money scripts. That is to say, what does your partner value, that is to know what value your partner places on money? Are they a spender or are they a saver? When they were growing up, were there money issues or was money really one of those tools that you used to reach certain goals? And then I think studies continuously show us that finances, money problems are one of the number one contributors to divorce.

So, let's just start with a fresh slate, make sure everyone's on the same page looking ahead. And then it's really just helpful to look at the past so that you can look ahead. And then I would say the other thing is in the past, what debt have you accumulated? What baggage are you going to bring to the marriage? Do you have student loans, consumer debt, maybe there's other financial obligations or even child support from a prior marriage? And then really just understanding each other's expectations and assumptions so that you're on the same page. And then I talked about the present, as you prepare to say I do, what's the game plan for when you get back from the honeymoon? Where do you want to live? Do you want to have kids? Building out a combined net worth statement, are you planning on combining all of your finances together?

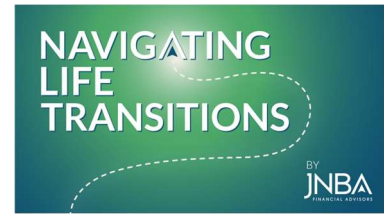
Then building out a budget is really the basic level when you think about it too. Who's going to be paying for what, regardless if you're combining assets and just working through any differences, right? When my wife and I got married, it was like I was one of those guys who grew up on Folgers and I was completely happy with that. She was very much like, "Hey, I want my Caribou and my latte and my mocha." And hopefully she doesn't listen to this podcast. But I think what kind of expectations and assumptions do we have?

And then looking to the future, I think this is where I kind of like to call it a family constitution. What values and beliefs do you have together? Create a mission statement as a couple, as a family for your future. And what roles and responsibilities are you going to put on each other? What are you going to share? What does travel and vacation look like? What kind of goals do you really have? And I think that's kind of the fun part we get to have is, we get to navigate those conversations with clients to really explore what money means to them.

Kim Insley:

Yeah, you're just reminding me that it's like you're building a foundation and the foundation, you need to know what materials are in that foundation, how that foundation is put together in order to have a sustainable home on top of it. And one of those things is insurance as well. In that foundation, you want to plan for those things that you sometimes can't plan for.

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Elise Huston:

Yeah, exactly. So, yes, maybe you do have assets. Maybe one of you is bringing a child from a prior relationship to the marriage, so how are we best protecting each other, be it disability insurance, life insurance. But I think a key one that's really important is maybe both of you have been working for years and you've been on your employer benefits and just taking advantage of what's available for you. But does it make sense now for someone to join the other person's health insurance plan, combining benefits and really making sure that you're looking at what's going to be the best to make sure you're thinking through not only the maximum out-of-pocket expense as a family, maybe now we can increase your health savings account contributions. There's just a lot of things that you could look at in terms of not just even the insurance component, but employer benefits as well.

Kim Insley:

Oh, for sure. Everything changes, right? So, beyond the basics here, it's part of that foundation too, and you kind of alluded to it, Chris, is understanding your risk and not just what is the risk, but your tolerance for the risk.

Chris Mastley:

Yeah, good point, Kim. Really one thing we spend a lot of time focusing on is risk tolerance. Right now, granted, if you have a long time horizon, risk tolerance can be a conversation where it's like, "Well, you have the ability to take risks because you have the time." Maybe if you're later in life, second, third marriage, maybe have kids, maybe you don't have that time horizon or you are not able to take that risk. Maybe you do have to have liquidity within the finances. And so, it is different for everyone, but it is one point we really look at because then it is how do we want to allocate the 401(k)s, the retirement funds, the liquidity needs. What percent do you have in stocks and bonds, et cetera, et cetera, everything that usually when we have these conversations with folks, eyes start to glaze over, right?

And so, I think that's where it's important to work with an advisor to really make sure that your asset allocation investment strategy matches with your goals and objectives overall. And then the other big question we get is taxes, right? Once you tie the knot, it doesn't matter, the IRS doesn't care if it's January 1st or December 31st. They consider you married the full year. And so when you look to file that first joint tax return, what are some of the things you want to look at? One is --

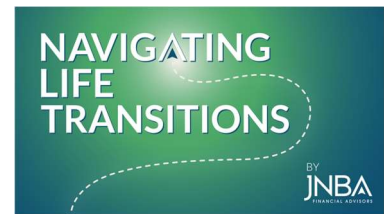
Kim Insley:

You're going to be shocked. I'll just throw that out there, you will be shocked.

Chris Mastley:

And a lot of times, Kim, it's taking a look at tax withholding. Do you want to file a new W-4? Do you pay quarterly taxes? Do you have all the taxes withheld from the paycheck? What other income sources do you have, or deductions, et cetera, et cetera. So just making sure overall as you're having enough federal and applicable state taxes withheld from paychecks. So, when you file your first tax return as a married couple, you don't come back with a big surprise.

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Elise Huston:

I think one thing that even friends and family members of mine who are maybe embarking on their first marriage in their twenties or early thirties are always shocked that for years as an individual renting an apartment, they were getting a tax refund almost every single year and they looked forward to it every April. And that first joint tax return, they actually owed some money. And that can be a bit of a shock and somewhat painful to weather too if you weren't planning on that expense. So, to Chris's point, revisiting, do you need to change your withholding elections because you're now in a totally different tax bracket as a married filing joint taxpayer? So yeah, certainly worth the conversation.

Kim Insley:

Yes. I seem to recall we owed something like \$3,000, and that was a long time ago and I was angry.

Elise Huston:

Now, people tend to not enjoy surprise tax bills that they weren't anticipating, yeah.

Kim Insley:

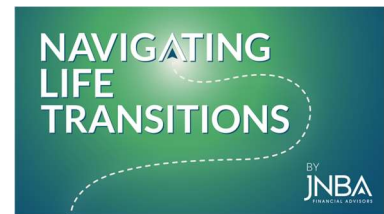
Should we reconsider this whole marriage thing? No, it's all good. It's all good. So, people are getting married and as you pointed out earlier, we're waiting a little bit longer to get married. It is never too early though at least to think about the... Let's hope everyone's happily ever after, right? So, end of life considerations, start talking about that, how that looks for you as a couple.

Elise Huston:

Yeah, I'd say when you get married, again, you do need to revisit things. Let's think back to the twenty-year-old you who was single. Maybe you had a 401(k) through work, likely you named maybe a family member, a sibling, or your parents as the beneficiary on that 401(k). You maybe didn't have a home at that point, so there weren't a lot of assets that you were planning on should something have happened to you. Of course, we'd suggest though, once you reach age 18, you looked to get a healthcare directive and a power of attorney in place in case you're ever incapacitated. You've named someone who can help make financial and healthcare-related decisions for you. But once you get married, it's important to revisit and make sure everything is titled the way you meant it to be titled, and that beneficiaries have been updated accordingly. And thinking about the basic estate documents a will, again, that power of attorney for financial decisions, and a healthcare directive for health-related decisions are kind of those initial starting points.

I'd say to look at and see, just have you named the right people, have you named now your spouse maybe to be able to make those decisions on your behalf instead of maybe a parent who'd been serving in that role before, updating those beneficiaries. But then too, maybe depending on your situation and circumstance, maybe you are part of a family business or maybe you have a trust that you inherited from a grandparent. It might be worthwhile to talk with your financial advisor and your attorney about, would we benefit from a prenuptial agreement and is that something that we should explore before we walk down the aisle. So certainly, never too early to have those

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conversations, and we actually encourage individuals to start having them. The earlier, the better because it's easy to update them along the way, when they're not set in stone.

Kim Insley:

There's a lot of paperwork and I know people don't like that, but really, you're protecting not just yourself, but you're protecting the people that you love.

Elise Huston:

Exactly. Exactly. You're creating a plan, you're making sure that the people you want to have a say in your care have that say, but that the people you want to inherit your assets are named appropriately.

Kim Insley:

I think a great disservice the entertainment world always shows the marriage, and then it ends. And there's this happily ever after thing that came out of fairy tale books and that I wish they would say you started the marriage and then show the journey after that we'd all learn a lot more. But I'm sure both of you have dealt with clients who just to be able to sit with them and walk them through this process so that they're not all caught up in the gauze and the flowers, this gauzy view of the beautiful day, it's so much more than that.

Elise Huston:

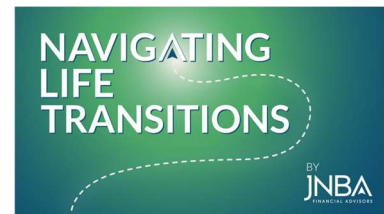
Yeah, I mean, I agree. This is a really exciting time and there's so much fun, and be it the showers and the bachelor/bachelorette parties... There's a lot of really great and exciting things that happen around being married, but it's also a time to, as Chris mentioned before, create that strong financial foundation because you're absolutely right, a lot of what we read and hear about is that some of the hardest years of marriage are the first two, and a lot of that is likely due to just surprises. Maybe they weren't on the same page with how they were going to spend money. Something that I maybe think is critical my husband might not agree with, but if we can talk about it openly and have conversation, again, create that shared family values.

What are we trying to achieve together? If we're all working towards the same thing, then there's less surprises or feeling like you're not heard or that your perspective's not being taken into consideration. And I think that's where having a financial advisory team and what we try to do for our clients or even the kids of our clients that we work with, is create a platform for that open dialogue and conversation to ask these questions, to give each person a chance to share their story and perspective so that not only they feel heard, but then they can figure, okay, how do we blend these together to create our family's value system going forward?

Kim Insley:

Yeah. And I'm looking at Chris because Chris and his wife just had two beautiful twins, and this is a family of five babies, and I just have to think, you must be grateful for the knowledge that you have because your foundation must be extremely strong to support all of that.

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Chris Mastley:

Yeah, my wife and I are on the same page today, so we had our struggle like any married couple, but I think the real important piece is just going through what's important to you. And it's funny as we kind of went through that, I came from a blue-collar kind of family and we had what we needed and we went without things that we could have enjoyed right, like most families today. But at the end of the day, when you go through and kind of make your values and beliefs and talk through with one another, money wasn't really on the top of our list. It's an important piece of it because we all have to pay the bills and put food on the table. But at the end of the day, when you work through that and really prioritize what your values and beliefs are, the rest kind of takes care of itself. So yeah, we are very, very blessed, and excited to be a family of seven today.

Kim Insley:

Well, congratulations.

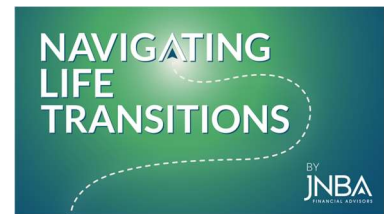
Chris Mastley:

Thank you.

Kim Insley:

And thank you both. It's an important topic and I know that you speak to a lot of clients and their kids about this, so thank you for doing that as well. Elise and Chris and all of you listening, thank you very much. We hope you'll continue to listen to our other Navigating Life Transitions podcast. Get the full list of available episodes online at jnba.com. Click on the Insights tab, and that's where you'll find the Podcast page. Also, at jnba.com, you can help yourself to the free resources on that website. If you have questions about navigating a marriage or if you want to learn more about how JNBA can help you with your financial life goals, give them a call at (952) 844-0995. You can also use the contact form on jnba.com to schedule your complimentary, no-obligation call with their experienced multigenerational team. Thanks again for listening. I'm Kim Insley and I look forward to navigating more life transitions with you on our next podcast.

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*Source: U.S. Census Bureau