5 Steps to a Financially Healthy Marriage

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SCEPTER BOOKLETS

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TO BEGIN

I believe there are many routes one can take to arrive at the same destination. Some routes take longer than others and some are safer than others, but they all lead to the same destination. You need to pick the route that you are most comfortable taking. Personally, I prefer the quickest, safest route, in most cases. Below is the route I believe is usually, just that.

STEP 1: Get Your House in Order

The first thing you need to do in order to create a good and balanced financial plan for you and your family is to get organized! If your financial world is in disarray, there is no plan that can help you. Before you apply any financial philosophy, you must have a good idea of what you have in place and where you have it.

When I start working with a new client, the first exercise is to have them complete a fact-finder questionnaire. In this exercise they list all of their personal information, their assets in every category (bank accounts, investments, retirement accounts, real estate, etc.), their liabilities (both long-term and short term), their protection products of all types, as well as both necessary and discretionary living expenses. Once you have compiled and organized all of this, you can better see how it all fits or doesn't fit together and then you will be able to make better financial decisions. .

When it is fragmented and in disarray, your decision making process will lack information and viewpoints necessary to make the correct financial decisions.

Having all of this information together is going to allow you to create your best household budget. Using a household budget is certainly one of the most beneficial financial habits you can form, no matter how much money you make. In fact, my first boss in this industry always told me that he continued to keep a monthly budget throughout his life. By the time I met him, his budget included multiple homes, several luxury cars, exotic vacations, charitable gifting, and a country club membership. But, it was only because he used a budget since he was young and not wealthy, that he was able to have a budget later in life that included all those things.

STEP 2: Build Up Your Defense

Next, make sure you have your financial plan in proper order, by building your best defense. Put all of the necessary protection products in place early. After all, you need to make sure your todays are rock solid before you focus on your tomorrows, or your tomorrows are in jeopardy. Only by building a great defense will you be able to do so from an early point in life. When looking at your protection, there are three guidelines to follow:

1. Protection comes first
2. Protection at full replacement cost
3. Protection that lasts a lifetime

Your protection products assure that, if any unforeseen disasters happen in life, you will not be totally devastated. That's why they come first. When you are young and have not yet built your assets to a sufficient level to withstand those life events, your protection products will provide you with the capital you do not yet have, to keep you going.

STEP 3: Become a Super Saver
(Save 15% of your Income)

Now that you have gotten organized and put all of your protection products in place at the correct levels, you should work on becoming a super-saver You should, collectively, be putting fifteen percent of your income (more if possible) into your savings vehicles. This is one of the most important things you can do to ensure your financial stability and success. Those who do not focus on their rate of savings tend to find themselves later in life chasing rates of return and consequently, take on much more risk than is necessary in their investments. However, if you continue to make saving fifteen percent of your income a priority, you will not feel the need to chase returns later in life, because you will know you are on track. Do yourself a huge favor and make this a habit now.

STEP 4: Have a Years Worth of Liquid Assets

As you are becoming a super-saver by putting fifteen percent of your income into savings, you should make sure you are committing a significant portion of that to liquid savings vehicles. Many advisors, including me, believe that focus should continue at least until the combined balances of your liquid savings vehicles are equal to one year of your household income. Now, I don't advise stopping at that point, but you can at least redirect some of what is going into liquid savings to other goals after that milestone has been reached.

There are very good reasons to focus so much on your liquid savings. First, your liquid savings are the only protection you have from unemployment. If you get laid off or terminated from your job, your income stops, but your bills and living expenses don't. Government unemployment benefits are not available in every situation. Even if unemployment benefits are available in your situation, they are usually a fraction of what you were making while employed. Without enough money in liquid assets, you would be forced to take the first job opportunity that came along, whether it was the right job for you or not. During the "Great Recession" of 2008– 2009, many people were out of work for longer than one year and consequently, the average annual number of bankruptcies in the U.S. between 2008–2012 doubled compared to 2006 and 2007.2 However, those who had more than enough in liquid savings were able to ride the economic tide and still stay afloat until they found the right career opportunity for them. Don't you want that kind of freedom and flexibility?

STEP 5: Accelerate Your Debt Payoff

Now that steps 1–4 have been accomplished, it is time to start accelerating the reduction of your debt. This is not to say that you were not making debt payments prior to accomplishing the preceding steps. That was always part of the process. However, before steps 1–4 are accomplished, it is not the safest use of your money to make additional debt payments above and beyond the required amounts. Doing so, would put you at risk of not having enough protection from the many unforeseen circumstances that we know happen to so many of us.

Now that we have set up the financial plan with steps 1–4 in place, we can redirect some of our cash flow, as well as earnings from our liquid assets, to reduce our highest interest debts first. Usually, that means credit cards. Once you have a handle on those, then go to work on your unsecured term loans, such as debt consolidation loans, etc. followed by car notes and student loans. Finally, you can focus on your mortgage. I believe this is the most advantageous order for debt pay down, because they are listed from least helpful to most helpful debts.

We want to help you become a saint every day, from right where you are and share Christ with others.

Have you ever tasted the beauty of God's presence? It's natural to want to experience his closeness more often—as often as you can! As St. Josemaría Escrivá said: "*Either we learn to find our Lord in ordinary, everyday life, or else we never find Him.*"

We can help you discover and grow closer to God every day in your work, family life, and other ordinary activities. We want you to become a saint and everything we publish and do is directed towards that goal.

Thank you

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