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Steps to Creating Blended Family Finances



Introduction

Deciding to combine two families can be challenging and requires patience, but the result can be a strong, bonded, blended family that provides a place for everyone.

Getting there means having a clear plan, communicating feelings and needs honestly, setting good boundaries, and being very transparent about the essential things.

The financial underpinning of family life follows the same playbook. You'll need a plan to incorporate existing finances, respect financial obligations related to previous relationships, and create a structure to move forward together while protecting each other's existing families.



01 Start with the Togetherness Part

Think about what you will do together and for each other.

Outlining a plan for how the situation will work is an excellent place to start.

SOME IDEAS TO GET STARTED:

- Where will children live?
- Who has primary custody? What if that were to change?
- What do you want your lives to look like?
- Are there any big scheduling things everyone should know about?

This part isn't about money; right now, you want to discuss how the blended family will work and what each of you needs to be sure you have time for children, each other, and yourselves as the situation evolves.

02 Map the Money



Go into the planning with a clear idea of each spouse's financial situation. Full disclosure now is how you can begin to make informed decisions about how you will pay shared household bills, who will pay what expenses for children, and what expectations are.

DEBT

- Existing Bills
- Credit Card Balances
- Loan Payments
- Mortgages and Leases
- Tuition Payments

INCOME

- Include all sources
- Consider tax planning
- Disclose ex-spouse arrangements:
include payments,
sale of property, etc.

Whether you are sharing assets or not, it's good to be upfront about retirement fund assets, brokerage accounts, education savings plans, and any valuable property. You'll also want to disclose your credit rating. You'll need to make informed decisions as a couple about the best way to manage debt or large purchases, and credit scores are a big part of that.

03 Create a Plan for Household Expenses

Everyone does this differently, and there's no right way.

Depending on income, one partner may pay all the expenses, or they may be split. As part of this exercise, creating a basic budget can help you understand each partner's expectations.

Understanding what each person values and needs from the beginning can help you set up a plan that negotiates these things in advance, avoiding anger, anxiety, and hurt feelings later.

Whatever the spending arrangement is, you'll need to figure out an equitable way to pay for children's expenses. The goal is to ensure that all the children are treated fairly and as much alike as possible.

- How often do you want to eat out?
- What are the most important expenses?
- Where do you want to vacation?
- How often do you buy new things?



04 Build a Plan for Future Spending

Once you've disclosed your current financial situation and figured out a working budget and a plan to pay for it, you can get to the goal-setting part.

A good baseline to set is how you will plan for a future life together, what arrangements you will make if the employment picture changes for one spouse, and even what each spouse wants to do in their career. This can help keep you united as you transition from "yours" and "mine" to "ours."



05 Estate Planning is Important

Conceptualize your estate plan by thinking through what each spouse's children will receive from their separate estates, and then if any requests will be made from a joint estate.

Carry out the plan by ensuring that all accounts are held in the correct names, beneficiaries are updated, and trusts are set up where necessary.

Have questions about planning blended family finances?

We're here to help.





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