

## Questions Regarding Your Bills, Debt

By: Jill Gleba

Dear Jill,

We are newly married and in our late 20's. Currently we are putting our finances together since we are in one household. What is a good method of paying our bills? My new wife has debt that she calls "bills", however, I feel her debt is not part of our bills, and instead, this debt is a part of her discretionary spending. We have no children but plan to in the future. How do we manage our finances together when we really do not agree on our spending?

--- Mark and Chelsea

Dear Mark and Chelsea,

Congratulate yourselves on getting started in the right direction. Do not expect to agree on everything when you are two different individuals. Instead, try to come up with what is most important to you as a couple and work toward these goals. (I'm sure you will have some values in common!) Divide these goals into four categories:

- 1) Now money, Bills/checking account
- 2) Emergency money needed in 1-2 years,
- 3) Intermediate money needed in 2-6 years
- 4) Retirement

After you make up this list, number which goal is most important to you to what is least important to you. Compare lists, come up with a compromise. For example, my husband wanted new carpet and I wanted granite counters. We flipped a coin. We both agreed that these home improvements were important to us, but we could not agree on which one was MORE important. Instead of flipping a coin, we could just take turns on who gets to choose the next improvement.

Also note the difference between "wants" and "needs". Never buy a "want" on credit. For instance, my granite counters or new carpet are "wants", not needs. We had the money saved and ready before we went shopping.

So let's talk about your spending and cash flow. Both of you take the same percentage of your take home pay, and put it in your checking account for bills, and some extra for an emergency fund. Now you have regular cash flow every month for bills and emergencies. You are correct that debt is not really the same category as your bills. When you accumulate debt, this means that you have spent money that you didn't have. Don't do this! Really, you should have NO DEBT except your home mortgage, and maybe a car. Don't buy a home or a car until you have a good down payment. Remember that when you have debt, you are now obligated to pay it back, and this takes away from your regular cash flow. I would rather you spend within your means, and only buy what you can afford to buy. If you do not have the cash, do not purchase something. Wait until you have saved enough!

One trick that most of my young clients do is the following: They save one income and live off of the other one. As time passes, the second income fills up the emergency and intermediate funds, and then home improvements, a new car, starting a family, starting a college fund, etc. Those of you that live off of both incomes, and just concentrate on paying the bills, will only accomplish paying the bills. Your goal

is to accumulate wealth, not just consume your money! Now, more than ever, you need to save for your retirement, since nobody will do this for you. Good luck!

Jill Gleba is a full-service wealth manager and owner of Gleba & Associates with 20+ years of financial guidance and coaching experience. She also owns Anne William, LLC, a real estate holding company.

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