Indiana MoneyWise

A publication provided by THE INDIANA SECRETARY OF STATE

INDIANA Secretary of State

MARRYING YOUR FINANCES

THE *Wedding* ISSUE

SAVING FOR YOUR DREAM HONEYMOON
6 STEPS FOR A BLISSFUL GETAWAY

MARRIAGE AND MONEY
DEALING WITH DIFFICULT SITUATIONS

+

BUYING YOUR FIRST HOME
5 GOALS TO GUIDE YOUR PLANNING

Dear Hoosiers,

Thank you for reading the Indiana Secretary of State's e-magazine. The purpose of the e-magazine is to provide Hoosiers with timely tips and information on smart money management skills and how to be financially fit.

This month, as we head into the fall wedding season, we are focusing on marrying your finances. Whether you're just beginning to think about marriage, are recently engaged or just got married, it's important not to overlook one crucial aspect of your relationship: financial compatibility. Questions like "How much debt do you have?" "What's your investing philosophy?" and "How much do you save each month?" can be difficult to ask. But discovering these answers early on in a relationship can prevent stress and arguments after saying "I do."

Even the most compatible couple may find they exhibit vastly different attitudes and experiences with spending and saving habits. Assuming your significant other is financially fit can be a recipe for disaster. For example, some people are naturals at saving, investing and living on a budget. Others are quick to spend without prior planning and may drain their personal checking accounts every month. This month, we aim to guide you through these tough discussions.

Sincerely,

Connie Lawson
Indiana Secretary of State

MISSION STATEMENT
It is the mission of the office of Secretary of State Connie Lawson to deliver to the people of Indiana government-as-a-service that focuses on unqualified integrity and accuracy in our elections, consistent and principled regulatory methods, ceaseless protection of Hoosier investors, and the most efficient use of taxpayer resources.

Buying your first home

Buying a home is one of the biggest investments you will make as a couple. Some of you may already have done this and others of you are preparing to buy your first home together. No matter where you are in the process, it's important to make sure you are financially prepared to take on that responsibility.

Perhaps the biggest issue to work out before you buy a house is how much you are willing to spend on a house. In your conversation prior to buying a house, answer the following questions to guide you in your home search:

- How much are you willing to spend on a house?
- Will what you are willing to spend, afford you the type of house you want?
- What can you and your spouse honestly afford without having to sacrifice in other areas?
- How much do you have to put for a down payment?

Once you know where to start, follow these tips as you begin your search:

Save for a down payment.
Typically, a down payment of 3 to 10 percent of the purchase price is required.
Stay up to date with current bills.
Make sure to check all other debt and your credit reports before adding new debt in the form of a mortgage. One rule to keep is to never let your debt exceed 35% of your income.
Consider your spending habits.
You may have to make sacrifices in some spending areas. Starting a savings account for unexpected expenses that go along with owning a home might save you some time and effort down the road.
Understand the mortgage process.
Make sure to do your research and understand your options.
Protect yourself against mortgage fraud.
Just like investing, you need to make sure your product and mortgage originators are legitimate. Protect yourself by: Making sure your mortgage originator is licensed and registered with our office; Get everything in writing and keep copies of all documents you provide; Get a complete Good Faith Estimate of Closing Costs; and Report any suspicious activity to the Indiana Securities Division.

STARTING YOUR MARRIAGE OFF RIGHT

Whether you are newly married or newly engaged, you are in an exciting period of your life. In the middle of all that excitement, it is important not to overlook a crucial part of your marriage – your finances. Before you begin your new life together, take the time to have a serious conversation about your financial situation.

Money is the number one thing couples, especially new couples, fight about. Many new couples do not take the time to talk about money or their finances prior to getting engaged or married. You are already ahead of the game by reading this magazine. While the discussion of some of these topics may be difficult to have with your partner, they are crucial to the health of your relationship.

Even the most compatible couples may have very different financial styles and habits.

Assuming you are on the same page is only setting you up to fail. Some people are naturally savers and frugal with their money while others have a harder time restraining their spending habits. Determining what style you and your partner are prior to marriage only helps you in the future.

Before you jump into conversation, keep in mind these tips:

SHARE THE RESPONSIBILITY. Don't put the burden of managing finances on one person. Split up the duties or schedule monthly meetings to review everything together. This spreads out the stress of managing finances and helps ensure both partners fully understand the situation in case of an emergency.

KEEP A POSITIVE ATTITUDE. Go to the table with an open mind and an understanding that there is more than one right way to manage money. Compromising and finding what works for you as a couple should be the goal. Keep in mind it may take time to adapt to your shared budget and slip ups may happen, especially early on. Learn from those experiences and regularly communicate about how well you are sticking to the financial plan.

AGREE ON A JOINT BUDGET. Decide how much of your money will be pooled together. Some couples combine everything into one account. Others maintain individual accounts while contributing a percentage of their income to a joint account used for joint expenses. Remember, there's no one right or wrong way to manage your money as a couple. Find what works best for you.


Indiana
MoneyWise

SAVING FOR YOUR DREAM HONEYMOON

Every couple deserves a time after their wedding to relax and begin enjoying their new lives as a married couple. However, many times, saving for that dream destination honeymoon may have been put on the backburner. But before whipping out your credit card to buy a plane ticket to the Bahamas, take a moment to assess your current financial situation.

Planning the perfect honeymoon must start with a budget. Like everything else in your financial life, it is hard to plan without knowing your current financial situation, how much you can save for the honeymoon and how much you need to save for where you would like to go. Budgeting takes care of all of that.

Planning the perfect honeymoon must start with a budget.

Review your current budget or create a new budget that reflects your new spending goal. Decide what current flexible expenses can be trimmed or removed in order to meet your goal. While it may seem like a dealbreaker to give up your morning latte, remind yourself that the sacrifices made now will benefit you greatly down the road. Post a picture of your dream destination honeymoon location on your bathroom mirror or even in your work cubicle may make you less tempted to spend your pocket change on those little extras that provide instant gratification.

Any trip as newlyweds, but especially a Dream Destination Honeymoon, should be considered a short-term financial goal. Here are some steps to take when saving for your blissful getaway:

1. Decide how much money you will need for your trip, including the costs of air travel or gas, hotels, and food. Make sure you take non-travel costs into consideration as well. These expenses should be built into your honeymoon budget.
2. Open a dedicated savings account to reach your goal. You can do this with your bank or even through websites like SmartyPig.com.
3. Set up automated transfers. By making savings automatic, you're more likely to succeed. You can even ask your employer to deduct a certain amount of money from each paycheck and transfer it into your savings account.
4. Put a change jar or piggy bank somewhere you and everyone else in the family can see it. When you come home from work, "donate" your spare change to the honeymoon fund.
5. Have a yard sale or sell things you no longer want online. Not only will you make money for your trip, but you'll also clear the clutter in your home!
6. Think carefully before spending gift cash from your wedding. It's tempting to use that money to pay for your honeymoon, but saving it for emergencies can protect you in the future. If you really want your family and friends to help with honeymoon expenses, consider an online registry. Just be sure to read the fine print and look at the fees involved.

By following these simple steps and making some short-term sacrifices, you and your spouse will be relaxing at your dream destination honeymoon location before you know it!

Budgeting as a Couple

It's a team sport

Budgeting is one of the most fundamental marriage advice notes, yet few people actually do it. You may have separate budgets that have worked well for you individually, but now it is time to create a new one that fits your "we" lifestyle.

To some, the word "budget" conjures up thoughts of penny-pinching and crunching numbers. In reality, financial marriage advice experts say that a budget is the cornerstone of a solid financial foundation. Thankfully, creating a budget really isn't that hard to do. Budgeting involves knowing how much money you earn and spend over a period of time. When you create a budget, you are creating a plan for spending and saving money. Why do financial marriage advice experts say that budgeting is important? It will help you save money, stay out of debt and pay your bills on time! But most importantly, it will keep you and your spouse on the same page and focused on your financial future as a couple.

Creating a budget is just the first step! After setting up a budget that you can both agree on, financial marriage advice experts urge you need to stick to it. Create a master copy of the planned budget and then create a copy for each of you to fill in what is actually being spent in each category throughout the month. At the end of the month, plan a budget meeting to review your spending habits and make changes where needed. Understand that no one is "budget perfect," but must work together to stay on track!

Are we choosing the right investments and investment advisors?

So how do you create a budget?

It may be the easiest to follow marriage advice yet as it really only takes three easy steps:

1. Determine amount of income coming in each month. If you and your spouse both work, include both incomes as well as any other sources of income.

2. Figure out how much you spend each month on fixed, variable and discretionary expenses.

   - Fixed expenses mean those "same dollar every month costs" like rent/mortgage, car payments or insurance.
   - Variable expenses change from month to month, but are guaranteed to occur. This can include utilities, gifts and gas for your vehicles.
   - Discretionary expenses are optional expenses because we all need a few indulgences- things like going to the movies or out to eat. If you take all the fun out of your budget, it's not likely you will stick to it!

3. Subtract your monthly expenses from your income. Determine how to use any leftover money (i.e. saving or investing). If there is no extra money or your are in the negative, review your budget to determine what expenses you can reduce or remove.

Marriage and Money:

Dealing with difficult situations

Financial problems come in many forms. One of you could suddenly lose your job. You may have neglected to talk about money before getting married only to discover after saying "I do" that you don't have the same spending and saving mentality. What's worse is you may discover a mountain of debt from your spouse's past that wasn't discussed until after the wedding. In all of these cases, your spouse's financial problems are now your financial problems and vice versa.

So how can you keep the harmony when money issues arise? It's never too late to talk about problems. If you're an over-spender, this could redefine the meaning of "retail therapy." Sit down, get comfortable and be prepared to handle some harsh realities. Conversations like this are easier to cope with when you plan in advance.

Let's look at some of the specific issues mentioned above and some ways to handle such problems.

Unemployment

Suddenly losing your job can create tension and anxiety in a relationship. One of you is now earning money to care for both, and if there are children involved, the stress multiplies!

Here are some tips that can help you stay afloat during this difficult time:

- Act quickly to reduce spending and reevaluate your monthly budget and short-term monetary needs.
- Avoid cashing out your retirement plan.
- Consider the help of a qualified, licensed financial advisor or planner.
- File for unemployment benefits with the Department of Workforce Development.

Reckless Spending

Many of us are guilty of splurging without thought from time to time. But when you're in a relationship, your careless use of cash can hurt your spouse. Discuss your purchases with your spouse. If you splurge on an item that you shouldn't have, see if you can return it without penalty. If that's not an option, you should discuss ways to prevent such reckless spending in the future.
For those of you who struggle with impulse purchasing, try this strategy when shopping. When you see something you want, either online or in the store, walk away. Wait twenty-four hours and if you still feel like you can't live without that item and can afford it, then you can head back to the store or your online shopping cart and buy it.

Set aside some time each month to talk about money. Put it in your schedules! It gives each person time to prepare and get in the right head space before the conversations take place.

Indiana Money Wise Quiz: *Are you a*

SPENDER OR SAVER?

You probably already know your own spending personality, but do you know your spouse's? This is a chat couples should have BEFORE walking down the aisle, but it's never too late to examine your financial compatibility.

Here are some questions to help you get the conversation started:

1) How much debt do you have?
2) How much do you save each month?
3) What's your investing philosophy?
4) What's your risk tolerance level?

Bust out of the wedding spending cycle NOW

It can be lots of fun planning your wedding, but realistic financial marriage advice says to remember to come back down to your financial reality after the honeymoon to ensure a financially stress free marriage.

Don’t let debt and bad money choices ruin the honeymoon period!

Being engaged can be a wonderful time for you and your fiancée. It can also be a horrible time for your finances. In many cases, newly engaged couples are given a large sum of money to plan their wedding. Soon, they begin a spending cycle that is hard to break once the big day is over. Don’t let debt and bad money choices ruin the honeymoon period!

According to the Association of Wedding Professionals, the average wedding costs $26,000. It can be tempting to put these costs on a credit card or borrow money to pay for parts of the wedding, but remember these actions have long term affects. Financial advisors claim the first two years of marriage are the most common years to rack up credit card debt because the spending cycle continues well after the wedding money is gone. Why does this happen? The answer is actually very simple: HABIT. The instant gratification of buying something new creates a sense of happiness. As human beings, we tend to continue those things that create a sense of happiness and if you repeat something enough, it could become a habit.

But how do you bust out of the wedding spending cycle before it hurts your marriage? Simple again-break the habit. Try out some of these financial marriage advice approaches:

1. Give yourself an allowance each week. Take this money out in cash and when it’s gone, it’s gone, no more spending.
2. Do not use credit cards. They make it way too easy to overspend. This is HARD financial marriage advice to live with- but remember that habit issue!
3. Distinguish between “wants” and “needs” and decide if the “wants” are really worth the price you’ll be paying (the financial costs and the emotional costs).
4. Give yourself a 24-hour period or longer before purchasing a “want.” This will help you determine whether it was just an impulse buy or if you really want the item.
5. Set long-term goals. If you are saving up for a honeymoon to Maui, you will be less likely to blow extra money on coffees or lunches out.
6. Shop with a list and stick to it! Also, learn how to use coupons to save money on frequently bought items.
7. Skip the shopping cart (if you can). The bigger the cart, the more likely you will fill it up with stuff you don’t need. If you don’t have anywhere to put extra items, you will be less likely to purchase them.
8. Write down every cent you spend, every day, for a week and then add it up. Surprise! Did you realize you’ve been spending $50 extra a week on fancy coffee?
9. Finally, create a budget and stick to it!

EDUCATED Education

Are you or your new spouse considering returning to school to further your education as a way to achieve career goals after your wedding? Do you plan to pay for your children's college? While both of these may seem down the road, starting a saving strategy now will help you and your partner avoid anxiety in the future.

According to The College Board, the average yearly tuition at a public four-year in-state university is $8,893. That number more than doubles for out-of-state tuition to $30,094. Neither of those price tags includes room and board, books, computers or additional items you made need. If the cost stresses you out, you're not alone! Taking action now can help reduce your anxiety.
While student loans are an option outside of saving to pay for college, sometimes the debt you accrue from isn't always worth it. Graduating students in 2013 averaged $29,000 in student loan debt and the number continues to increase an average of 6% each year. By starting a savings plan now, you can save yourself a mound of debt by reducing the amount you may need to borrow.
Another way to pay for college is through scholarships. Work with the college's financial aid office or do a thorough search of the internet to find scholarships that are specific to your situation or that are not well known. Taking the time to do some research can significantly improve your ability to pay for college without loans.

Here are some ways to start the saving process:

1. Open a savings account dedicated to your education goals. Determine how much of your monthly budget you can realistically contribute and commit to saving in that account.

2. Research Indiana's College Choice 529 Plan. You can open an account for as little as $25 and can earn an income tax credit of 20 percent of contributions to your 529 plan, up to $1,000 per year. Learn more about Indiana College Choice 529 by visiting www. CollegeChoiceDirect.com.

3. Consider working with a financial professional. A recent bulletin from the North American Securities Administrators Association and the US Securities Exchange Commission could provide helpful information in your selection of a financial professional: http://www.nasaa.org/26029/making-sense-financial-professional-titles/. You can also find out whether the person is licensed and registered, and what type of license they hold, by using the searchable databases on **www.indianamoneywise.com** or by calling the Secretary of State's Securities Division at **1-800-223-8791**.

What services make up the Secretary of State's office?

There are four main divisions that comprise the Secretary of State's office (Click on the name of the services to learn more): Business Services Division, Election Division, Securities Division and Auto Dealer Services Division.

The Office of Secretary of State is one of five constitutional officers originally designated in Indiana's State Constitution of 1816. Sixty-one Hoosiers have served as the third highest-ranking official in state government.

Historically the duties of the office included the maintenance of state records and preservation of the state seal, but as state government expanded so did the responsibilities of the Secretary of State. Present duties include chartering of new business, regulation of the securities industry, oversight of state elections, commissioning of notaries public, registration of trademarks and licensing of vehicle dealerships throughout Indiana.

Contact info

Mailing Address - Statehouse Office
Office of the Indiana Secretary of State
200 W. Washington St., Room 201
Indianapolis, IN 46204

Twitter - https://twitter.com/IndMoneyWise
Facebook - https://www.facebook.com/IndianaMoneyWise
Instagram - http://instagram.com/inmoneywise
Pinterest - http://www.pinterest.com/INMoneyWise/

317-232-6531

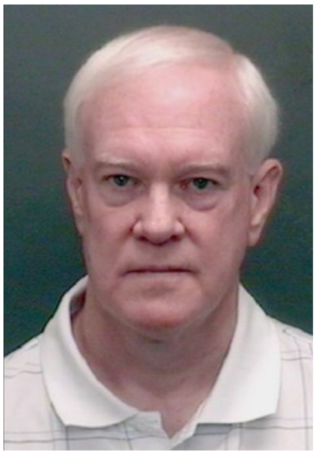
Constituent E-mail: constituent@sos.IN.gov
Looking for a specific person? Check out our "Meet the Staff" page to view our executive staff.

FRAUD STOPPERS:
Real life stories of investment fraud

Newburgh man pleads guilty to running a Ponzi scheme

Scam bilked investors out of over $100,000

On August 13, 2014, Lynn A. Simon of Newburgh, Indiana pled guilty to running a Ponzi scheme that swindled four investors out of $100,000. Simon offered his victims the opportunity to invest in his "special company" and promised a high rate of return. Instead of investing the money as promised, Simon used the money for his own personal gain.



He solicited clients through his company Financial Security Planning, Inc., but over the past 25 years, Simon had earned most of his victims' trust by serving as their insurance agent and investment advisor. He operated two Evansville companies: The Insurance Shoppe and Financial Security Planning.

"Simon like all scam artist, only thought about himself and had no regard for how his actions would affect his client's ability to retire," said Secretary Lawson. "Investors can protect themselves from falling victims to these scams by checking with my office to ensure the financial professional and their products are registered. If one of Simon's investors would have called to see if his product was registered it would have crumbled his whole scheme. Unregistered products are a key warning sign that the investment is a scam."

The investigation began when Simon went missing from the state in April of 2013. Investors started reporting to the Secretary of State's office they were no longer receiving interest payments on their investments. After Simon left the state, authorities traced his whereabouts to Alabama and then later to New Mexico. He continued to roam free, while authorities sought to serve the arrest warrant until he submitted to the authority of the court, just as the Secret Service and local police zeroed in on his location.

"Simon wasn't the flashy big spender most people would envision as a scam artist," said Securities Commissioner Carol Mihalik. "His investors thought he was just an average guy and were shocked when they found out he had been stealing their money. This case is a reminder that you can't tell who's a fraudster just by looking, you must always do your research before investing."

Simon pled guilty to a Class C felony securities fraud charge, a Class C felony for the sale of unregistered securities and two Class B felonies for committing securities fraud to victims over the age of 60. Simon will be sentenced on October 2, 2014.

Don't be a victim of investment fraud.
Find out ways to protect yourself here
in.gov/sos