

by Sharon Cebula



Here Comes the Bill

An expert gives advice on balancing a dream wedding and long-term financial planning.



The apple of your eye got engaged over the holidays. Mazel tov! But now, amid the excitement of choosing a date and a dress, looking at venues and auditioning DJs, you've got to get serious about how you're going to contribute to your pride and joy's nuptials. Have you been putting money aside since their kindergarten years for your child's fantasy wedding? Probably not.

"It's typically not a line item in the budget," says Tom Presper, founder of Presper Financial Architects in Akron. Over his 35 years of helping families manage their finances, Presper says he counsels clients to save for their retirement first, their kid's college second and anything else third. "It's usually that extra savings they're trying to create [for] a long-term savings program that they can use for extras, whether it's in their home or buying cars when the kids are 16 or oftentimes for weddings."

Whether you've got a little something set aside or need to jump-start a short-term savings plan, Presper has advice for dealing with the expenses that come with being the parents of the bride or groom. And he says you can do it without breaking the bank, losing your retirement or alienating your kids.

MORTGAGE YOUR HOUSE, NOT YOUR RETIREMENT

For many, it can be tempting to finance a lavish wedding by getting a loan on your 401(k). After all, retirement can seem like a long way off, and your child's special day is coming up in less than a year. You'll have lots of time to pay it back; right?

"We're just not fans of that," Presper says. "You have to pay it back within five years, [and that] is going to reduce your take-home paycheck."

A big reduction in regular cash flow due to repaying that short-term loan can cause a lot more stress than deciding between blush and champagne for the table runners.

"We prefer not to go into the retirement account because if you default on paying

that loan back, it becomes taxable,” Presper counsels. “And if you’re under the age of 59 and a half, the federal government tacks on a 10 percent penalty over and above the tax.”

Raiding the retirement account may sound like a quick fix, but a home equity loan is a much better way to find that lump sum without mortgaging your lifestyle for the next five years.

“It’s tax deductible because it’s taken against your house, and at a minimum, you only have to pay the interest,” Presper says. “So paying it back may take you longer than five years, but you can fit the payment to your budget, and you could also pay it off faster without any penalty because you’re using after-tax savings, when the 401(k) can only be taken out of your payroll.” Paying down that home equity loan will be easier in the long run because you can take more time to do it and avoid all the tax headaches.

But what if you don’t have much equity in your home and you’re still building a retirement account? If the kids can stand a longer

engagement — a great choice for couples still finishing college degrees or living in different cities — you have options. Talk to your financial adviser about reducing your retirement contributions by a certain percent and foregoing family vacations for a couple of years.

“It’s all a matter of understanding your cash flow, understanding your budget and looking for places that you can pull money from to put into that wedding account over two or three years,” Presper says. You’ll be surprised how quickly it can add up to a respectable chunk of change. “And it’s not going to hurt your long-term objective, which is to be financially stable at retirement.”

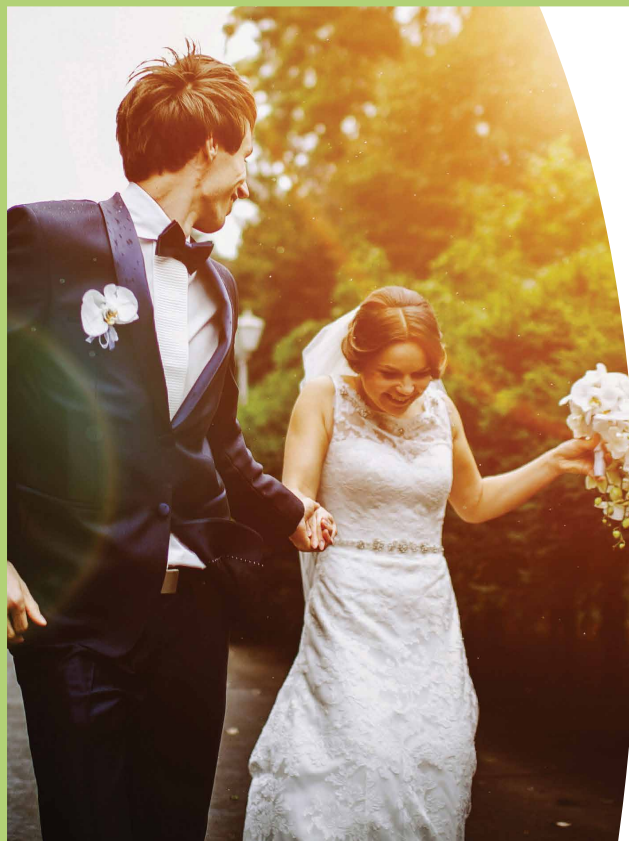
HAVE THE DIFFICULT CONVERSATION

A father himself, Presper understands how tricky it can be to balance unconditional love with conditional finances. And he’s seen the situation handled a lot of ways. “I see clients spend \$10,000, [and] I see clients spend \$50,000 on a wedding,” he says.

“What we counsel them to do is draw a line in the sand that works for you, for your budget. You don’t want to just give carte blanche in a wedding because they can get out of hand.”

A frank discussion about parameters is the best way to get everybody on the same page, he says. He even offers suggestions for getting the conversation started: “Although we would like to pay more for the wedding, it doesn’t fit in our budget where we are on our retirement goals, and the best we can do is X.”

Then, it’s up to the parents to stick to their guns and keep the bigger picture in mind. “I would rather spend \$20[,000] and give you \$10[,000] to use toward a house or college education for your future grandchildren rather than spending it on having more people and a more expensive dress, and all the trinkets that 20 years from now people are not going to remember — that’s the dad in me.”



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SET THE BAR

Presper has six children, so he's also concerned about equal treatment, something anyone with multiple kids can understand. "Whatever decision we make for our oldest, we're going to make it for everybody else," he says. "Be careful how high you make the bar for the first one." It's important to think about whether you'll be able to replicate your contributions when the younger ones get to marriage age. The last thing you want is resentment or score-keeping among siblings.

"My first five are girls; the youngest is a boy," Presper says. His two eldest daughters recently wed, with financial help from Presper and his wife, so he knows firsthand about this balancing act. "Even though kids say, 'Oh, it's OK,' they all keep score. I was one of five; we keep score."

As for the traditional ideas of who pays for what — groom's family versus bride's family versus the couple themselves — Presper again advises talking it out to find reasonable compromises and comfort levels.

"There needs to be open dialogue about it. Millennials are getting married later, so a lot of these kids already are well into their careers [and] saving money. They have more disposable income than when I got married at 23, so I think it's good for them to participate."

PUT THEM IN CHARGE

One way to keep the budget in check while balancing all the interests involved is to put the nuptial couple in charge. That's what Presper did with his daughters, and it worked out well.

"They set up their own spreadsheet, and we advanced them the money and had them pay the bills."

Being hands-on with the budget gave the couple a sense of ownership and restraint. "That would curtail some of the spending. All of a sudden, they're like, 'Maybe we don't need this extra because that's crazy what they're charging us for it! We're going to be over budget, and we're going to have to pay for it!' If they take ownership, it's good, rather than just mom and dad paying for it."

Despite his own experience with wedding expenses, Presper realizes that his clients may want to take a different tack. "I've had clients that have said, 'I've got two daughters, and whatever they want, they get.' I always tell clients, 'It's your money and your kids, so you're going to spend it the way you want. But let's step back and have a discussion about it.' I'll give [them] some different ways to look at it and temper things."

THE BOTTOM LINE

Remember that the wedding is only one day. "Don't put yourself in a financial pickle just to make some kind of statement," he says. Whatever pressure there may be for a perfect wedding, Presper's eye is always on the long game for his clients. "You can borrow money for college; you can borrow money for a wedding," he says. "But you can't borrow money to retire."

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[Spending and Trending 2016 Averages]

TOTAL WEDDING COST: \$35,329 (excludes honeymoon)

- ◆ The Dress: \$1,564
- ◆ Number of Guests: 141
- ◆ Cost Per Guest: \$245
- ◆ Venue: \$16,107
- ◆ Photographer: \$2,783
- ◆ Florist and Decor: \$2,534
- ◆ Cake: \$582
- ◆ Ceremony Site: \$2,197
- ◆ Invitations: \$462
- ◆ Rehearsal Dinner: \$1,378
- ◆ Engagement Ring: \$6,163
- ◆ Reception Band: \$4,156
- ◆ Reception DJ: \$1,245



WHO PAID FOR WHAT IN 2016?

BRIDE'S PARENTS: 44 percent of overall wedding budget

GROOM'S PARENTS: 13 percent

THE COUPLE: 42 percent

- ◆ 10 percent of couples paid for entire wedding themselves
- ◆ 8 percent of couples contributed nothing



DESTINATION WEDDINGS IN 2016: 20 PERCENT OF ALL WEDDINGS

Most Popular Destination Wedding Sites:
Hawaii, California, Florida,
the Caribbean and Mexico



TRENDS FROM 2016:

Food trucks, photo booths, lawn games,
musical performers and fireworks



UP-AND-COMING IN 2017:

Cigar-rolling stations, wine and liquor tastings, dance performers, aerialists, acrobats, gospel choirs and live portrait painters



WEDDING TECH TRENDS:

- ◆ GoPros in the bouquets going down the aisle
- ◆ Drones for aerial coverage
- ◆ Livestreaming to share the day with out-of-towners



Popular Nontraditional Ceremony Locales:

- ◆ 12 percent farms, barns and ranches
- ◆ 13 percent historic buildings or homes

Source: The Knot 2016 Real Weddings Survey