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Here's what to do with that wedding cash

By Pauline Millard

When James and Erin Goodnow got married, in 2008, the couple realized they didn't need china or bakeware. They needed new floors for their home in Phoenix, that they had just moved into.

The Goodnows didn't create a traditional registry. Instead, they asked everyone to get them gift cards to Lowe's, so they could get the new floors. "Some of our relatives were confused," says James Goodnow, 35. "They didn't get it. In their mind, there was one way to do a wedding."

Despite some pushback, the majority of the couple's 125 guests got them gift cards, or cash, and it was enough to cover the cost of the new floors.

The Goodnows are part of a growing trend among Millennial couples. In July 2015, *The New York Times* reported that instead of consumer goods, more young newlyweds are asking for cash, gift cards and contributions to fund honeymoons, largely because Millennials marry later and often already have debt, such as student loans.

Here are some ways to manage the money:

Don't spend it all in one place

Mike Kwiatkowski, the President and a Certified Financial Planner at Retirement Solutions, a financial planning firm in Naperville, Illinois, says that couples should look at where they are financially and make decisions from there.

"They should make sure they have their financial building blocks in place," he says. "That includes having an emergency fund as well as getting term life insurance and disability income insurance."

Another good rule of thumb is to stay away from spending it on anything that is a depreciating asset. Cars immediately come to mind. Some couples will see an extra money as an opportunity to upgrade their vehicles—and, he says, that's not the best use for it. Time shares should also be avoided.

"For a lot of people, wedding money is the first influx of cash they ever experience," he says. "If people have a good cash flow already and low interest rates on their debt, they don't need to use the wedding money to pay it off. You can have the best of both worlds, a windfall to put towards a big goals while still regularly making payments."

Andrea Woroch, a personal finance and consumer savings expert, says you can put some towards debt, some towards your house fund and even spend a little on something you really want. Splitting it up, she says, may be a helpful way to figure out the best use.

Home down payment

Saving the money for a down payment on a house is a classic way to go. It makes a lot of sense, too, if you apply for an Federal Housing Administration loan. FHA loans are designed for first-time homebuyers, and down payments can be as low as 3.5. percent. Depending on where you're buying a home and how generous your guests were, wedding cash might cover that down payment.

"Even if your wedding gifts don't cover an entire down payment, it would give you a savings boost," Woroch says. "There's also something really encouraging when you want to start saving for a home and you're not starting from zero."

Life events fund

Starting an emergency fund may sound like the most mundane, practical thing to do with a windfall of cash. And yet, everyone knows that having one is a pillar of financial health. Losing a job, unexpected car repairs, or medical bills, can put a dent in your budget—and even send you into debt.

"Liquid cash is accessible when you need it," Woroch says. "You won't have to rely on credit cards if the unexpected happens."

Instead of thinking of untouchable money as an emergency fund, which has dour undertones, view it as a life events fund—maybe for when you're on family leave.

"If you want to have kids shortly after getting married, put some money aside for when you'll be out of work, or making only a fraction of what you made full-time," Woroch says. In addition to baby supplies, you'll need cash to pay bills and travel when you're not working. Putting cash into a separate checking or savings account expressly for the purpose of when you're on family leave can ease a big financial burden down the line.

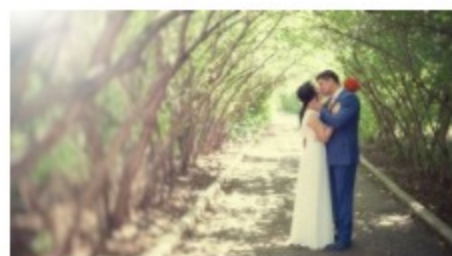
Upgrade your living space

If you already own a home, Woroch says that wedding cash is a good opportunity to upgrade your furniture, and get rid of items you may have had since college. "Think of things like a nice dining room table or a couch, anywhere that your family will gather," she says.

As lovely as her home looks now, Erin Goodnow, 35, says that one of the best reactions to asking for the funds for their floors were the sweet notes that people wrote in the cards.

"People wrote things like, 'You're building a foundation for your home and your marriage,' and I really appreciated how thoughtful everyone was," she says.

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