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FINANCIAL SERVICES

Registered Investment Advisor

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newsletter

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Biggest wedding expenses and Wise **ways to save**

Here in late summer, we are right in the thick of wedding season. According to weddingwire.com, three of the top five most popular wedding months of the year are on the horizon with August, September, and October accounting for a sizable 42 percent of all weddings in 2017.

Considering the average couple takes about one year to plan their wedding, here are some of the most significant wedding expenses that you and your family may encounter on the big day and ways to save.

Reception venue

Often the largest expense of most weddings, the average cost of a wedding reception venue in 2018 was $15,439 according to the Knot's 2018 Real Wedding Study. With the average total wedding cost coming in at $33,931, that means the reception venue makes up 45 percent of the total wedding cost alone.

Of course, this cost is also one of the most variable as it depends on factors such as location, time of year, and what will be included at the reception venue. If working with a wedding planner, start hunting down reception venues as early as possible to try and secure lower pricing. Additionally, look out for headcount minimums that some venues may require.

Food and drink

On average, the amount spent on both food and drink for guests will be the second-largest expense on your big day. That said, this number can vary even more so than the cost of the reception.

There are many options for what type of food you will serve, whether you will have an open bar, how long the bar will be free for guests, and the number of guests that will be attending.

Looking at average figures, a plated meal comes in at an average of $40 per person according to WeddingWire. For an open bar, the Bridal Association of America reports an average of $2,800 for the U.S. wedding average of 170 guests. Add the food costs and the total for food and drink comes to an average of $9,600.

Food costs can vary widely depending on what type of dish is being served and can drop significantly for buffet-style catering.

Photo and video

With all the effort and money placed into ensuring your big day is something special, remembering it for years to come is important. The Knot found in its 2018 study that the national average cost for a wedding photographer is $2,679 while the average cost for a videographer is $2,021 – a total of $4,700 to keep those wedding day memories for a lifetime.

This is a category where you can score a deal by doing some research. Competition in this space is tight and even some lower-cost photo and video teams can produce excellent results. Also, consider asking around to your family and friends for recommendations on who they used for their wedding.

Entertainment

Once the ceremony is over and your guests have gathered at the reception, it is time to have some fun. Whether it be for family dances or just to keep the party going, a dedicated source for music is key. There are two main options you have here: hiring a band or hiring a DJ. Live bands are the more expensive option considering there is often more than one member and more equipment involved than a DJ. Expect hiring a live band to rock your reception to cost an average of $4,019 while hiring a DJ to come in at $1,231.

How much you spend in this category depends largely on your desired taste of music for the reception. While a band can be more entertaining and have more personality than a solo DJ, the range of music they offer will typically be minimal in comparison.

Ceremony Venue

While it is the core piece to an entire day of wedding activities, the amount you spend on the ceremony may come in much lower than the rest of the day's expenses. This is because the ceremony is often far shorter than the reception, there are usually fewer people in attendance, and there are no extra fees for things like entertainment or catering.

The Knot lists the 2018 national average for a ceremony venue as $2,382 – which like the reception venue, varies widely depending on location, time of year, and total attendees. More often, couples are choosing to hold more intimate ceremonies consisting largely of immediate family and close friends, while more a more extended group gathers for the reception.

Attire

There is no denying that you want to look your best on this special day and the average cost of wedding-day attire represents that. While the cost of the bride's dress is certainly the most substantial at an average of $1,631, do not overlook the costs of the groom's attire, hair and makeup for the bride, and accessories for both. Add these categories together and a couple's wedding-day attire comes in at $2,139 on average.

Though you wish to have a perfect dress that is unique to you, many brides are choosing to purchase resold dresses or use one passed down from a family member. This is an area where doing some hunting will likely help score a deal.

Wedding planner

Lastly, with the number of details involved in pulling off a wedding and keeping everything running smoothly on the day-of, a wedding planner will be a beneficial investment. Like the price of photo and video, planner fees can vary widely, and their cost structure can be dependent on several factors. Some planners will charge a simple flat fee, some a percentage of the total bill, or some based on hours. At the end of the day, the Knot found the 2018 average wedding planner cost to total $2,002.

Again, this is a great category to ask for referrals from friends and family – who will have experience with the costs involved and the planner's style. In fact, hiring a planner can lead to savings in other areas thanks to their wide connections and expertise. Some planners also now offer photo and video services all in one package that can help you save.

The market at a glance

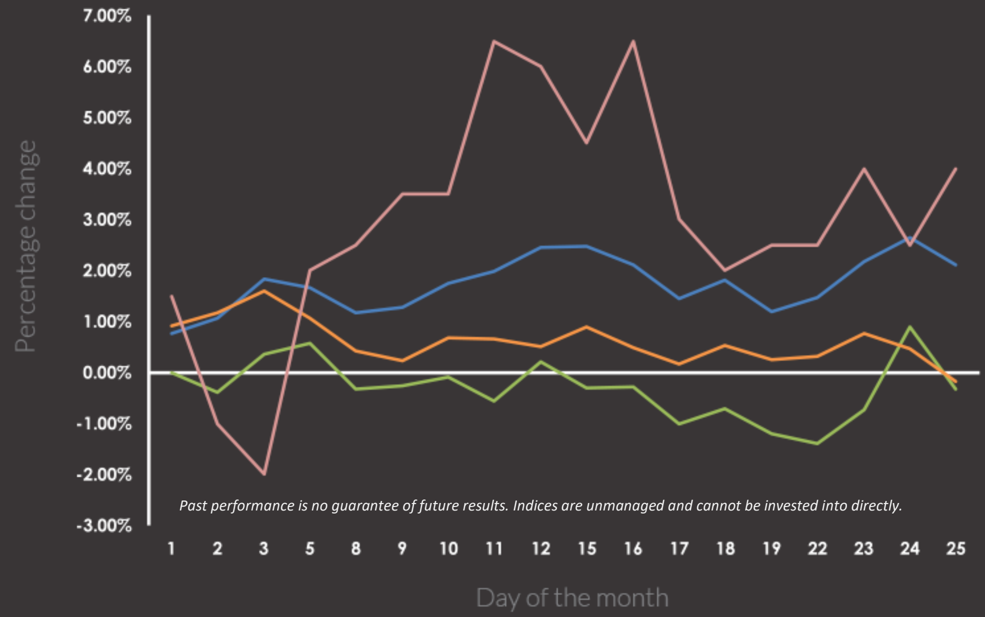
July

U.S. Large Cap
(S&P 500)
2,980.38 (1.31%) ▲

U.S. Mid/Small
(Russell 2000)
1,574.61 (0.51%) ▲

International Large
(NYSE International 100)
5,431.26 (-1.39%) ▼

U.S. Treasuries
(U.S. 10-year Treasury yield rate)
2.02 (1.00%) ▲



Past performance is no guarantee of future results. Indices are unmanaged and cannot be invested into directly.

The market in action

- The Department of Justice has formally agreed on a $26 billion merger between telecommunications companies T-Mobile and Sprint, who are currently the third and fourth-largest U.S. wireless providers, respectively. Shares of both T-Mobile and Sprint reached all-time highs following the news.

- Capital One Financial Corp announced that personal information of nearly 100 million U.S. individuals was obtained in a successful hacking attempt. Information obtained includes close to 140,000 Social Security numbers and 80,000 bank account numbers. Shares of Capital One fell four percent following news of the incident, which is expected to cost between $100 million and $150 million to manage.

- The Federal Trade Commission (FTC) approved a roughly $5 billion settlement with social media company Facebook regarding the company's privacy scandal with political consulting firm Cambridge Analytica. The FTC investigation found that Facebook improperly allowed access to personal data from tens of millions of Facebook users around the time of 2016 U.S. elections. The fine is the largest ever imposed by the FTC on a tech company, beating the previous $22.5 million imposed on Google in 2012.

- American Airlines and United Airlines have extended their grounding periods for the Boeing 737 Max airplane into early November amid concerns that the troubled plane will not be recertified in the near future. Following the October 2018 crash of a 737 Max airplane that killed 157 passengers, Boeing has lost more than $8 billion and seen its shares drop more than 16 percent.

Four options for your 401(k) when changing jobs

Changing jobs is one of the biggest life decisions you can make and doing so presents an important financial decision: What should you do with your former employer's 401(k) plan? There are four options you have and understanding the pros and cons of each will be crucial to find the best fit for your situation.

Keep the funds in the old employer's plan

While this option certainly requires the least amount of effort, not all investors are eligible to leave funds in their former employer's plan. If your vested 401(k) funds amount to less than $5,000, your former employer has the right to require you to remove the money in some fashion. That $5,000 balance can include all of your contributions, all vested employer contributions, and all investment earnings on those funds. Additionally, your former employer may require that you withdraw your funds once you reach the plan's average retirement age.

Outside of being low-effort, keeping funds in your former employer's plan can be beneficial if you need more time to research alternative options, if your new employer's plan requires employees to reach a certain length of employment to enroll, or if you had access to exceptionally good investment options.

Before deciding to let the funds stay put, make sure there are no additional fees associated with the plan for non-current employees and that your investment options remain the same.

Roll the funds into your new employer's plan

It has become far more commonplace for 401(k) plans to accept rollovers from past employers without penalty but there are considerations to make before doing so. First, be sure that you are satisfied with your new job and that you will be there for a reasonable amount of time. Should you decide the new position is not for you, it can be a headache transferring funds around. Second, compare the investment options in your new employer's plan to your old one. Once you have transferred the funds out of the old plan, there is no going back to your previous options.

If you decide to roll over into your new employer's plan, ensure that the transfer is made directly into the new plan – also known as a trustee-to-trustee transfer. This allows your funds to remain tax deferred and avoids the temporary 20 percent penalty that would be applied if you were to cash-out your retirement savings and then deposit them manually into your new employer's plan. Now, you would get that 20 percent back once filing your tax return at the end of the year however, there is no need or benefit to putting up the money in this scenario. To avoid that penalty, make sure that rollover checks are written out directly to the new plan or plan administrator, not yourself. It would be wise to contact your company's plan administrator for details on this process.

The biggest perk of rolling your retirement funds into your new employer's plan is for simplicity's sake. Often, investors can lose focus on the performance of their investments with a former employer. As long as your investment options are comparable at your new position, rolling over into one main account is a good practice.

Transfer the funds into an Individual Retirement Account (IRA)

Coming from a former employer's plan can lead many investors to overlook the option of transferring their funds into an Individual Retirement Account (IRA). An IRA can be set up through nearly any bank or other financial institution and allows a greater range of investment options than the ones chosen by most employer 401(k) plans. While the differences between a 401(k) and an IRA are numerous, the main advantage to your employer's 401(k) is the matching of contributions up to a certain percentage.

It is important to note that you will not receive a match on the funds you transfer from a previous employer, only on the funds you contribute once enrolled in the new plan. Because of this, there is no real reward on choosing to transfer into your employer's plan over an IRA unless the plan's investment options are more attractive. With an IRA, you are in the driver's seat to choose which funds, stocks, or bonds you invest in and there will be more effort required as a result. On the other hand, you may encounter some savings depending on what plan fees are associated with your employer's plan.

Just like rolling over into your new employer's 401(k), you will want to execute a trustee-to-trustee transfer if choose the IRA option. The same fees will apply if you withdraw funds before transferring to your IRA.

Cash out the funds

Lastly, cashing out your funds from your former employer's plan is the option that nearly every financial professional would advise against. The same penalties discussed above that apply to an early withdrawal cannot be made up in your tax return as they can with a 401(k) or IRA transfer and will be a pure loss. Despite the losses, 2013 research from Boston Research Technologies found that just over 30 percent of workers changing jobs will elect to cash-out their retirement funds.

The only two instances where cashing out should become an option is if you are over the age of 55 or need the money for an immediate purpose. If you terminate your employment in or after the calendar year in which you turn 55, you will no longer be subject to an early-withdrawal penalty for that employer's plan. In the case of a former employer's plan that you left before age 55, those funds will still be subject to this penalty. The potential workaround is if these funds were transferred into a post-55 employer's plan.

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