

Couples and Money

Overview

Ways couples can manage their money and avoid arguments about it.

- The importance of talking about money
- Tips for avoiding financial disagreements
- Finding help with managing your money

Even if you and your partner have a very strong relationship, you may find it hard to avoid conflicts about money. One-third to one-half of all couples have at least occasional financial disagreements, and the conflicts can become serious enough to cause lasting harm to a relationship.

Many couples believe that a larger income would end their arguments about money. But financial counselors say that this is rarely true because most couples don't fight about how much money they have -- they fight because they have different expectations about what to do with their income.

The importance of talking about money

Many arguments about money occur because couples haven't clearly spelled out their expectations about spending or saving. Instead, each member of the couple simply assumes that the other shares his or her views on the subject.

That's why it's important to bring your feelings into the open. You may take it for granted that you need to put aside some money for emergencies while your partner believes that saving for a rainy day is less important than enjoying the present. Or, you may want to pay your bills as soon as they arrive while your partner likes to wait until the last minute to pay. Talking frankly about your differences can keep disagreements from turning into major battles. Some important issues to discuss include the following:

- *Your overall views on money.* Just as each person in a relationship has a different personality, he or she may also have different attitudes toward money. One of the most common causes of tension is that one person is a "spender" and the other is a "saver." It can be hard to avoid friction if you disagree strongly on the value of having a nest egg or indulging in occasional luxuries. But if you talk about your differences, you may be able to work out a few compromises that will keep the tension to a minimum.
- *Your big financial goals.* Most couples have a variety of long- and short-term financial goals. Yours might include saving to buy a house, getting out of debt, building a retirement fund, planning for your children's education, or being able to afford an annual family vacation. If you don't have a plan for pursuing your goals, you may not achieve them. You can avoid some problems by prioritizing your individual aims, or ranking them in order of their importance to you. At least once a year, sit down together and decide what your biggest priority as a

couple will be for the year and beyond. Then agree on a plan for achieving what matters most to you.

- *Your plan for day-to-day money management.* In addition to a long-term plan, every couple needs a system for managing money on a day-to-day basis. In many relationships, one person assumes most of the responsibility for tasks such as bill-paying and balancing the checkbook. In others, both people take turns or divide the regular financial tasks. The specific approach you choose isn't as important as making sure that you discuss how you'll handle these responsibilities. Resentment can build if one person takes on essential responsibilities without the support of the other. If one of you has agreed to handle your finances -- and it's clear that this approach isn't working -- it's vital to find a solution before the problems get out of hand.

Tips for avoiding financial disagreements

In addition to talking regularly about money, you can take other steps to minimize financial disagreements.

- *Draw up your household budget together and review it periodically.* Even if one of you is much better than the other at managing your finances, both of you need to understand where your money is going. Needless arguments can result if one member of the couple has no idea how much children's clothes cost or how much the heating bill has gone up in the past year.
- *Keep your financial papers organized.* Both of you need to know where you keep bills and other financial papers, such as bank statements and insurance policies. Some couples buy an accordion file divided into months and keep each month's bills there. Filing all bills promptly -- and going through your file every week -- can ensure that you don't neglect an important bill. You can also use this file to store notes about bills that have to be paid annually or quarterly. If you know that you always have to pay an insurance premium during a certain month, you can put a note in the appropriate slot as a reminder. You might want to have a separate alphabetically organized file for storing things such as tax returns, retirement accounts, and bank or investment-account statements.
- *Decide on the number of bank accounts you need.* When both members of a couple have an income, many financial planners suggest that they have a joint savings account to provide for long-term goals, a joint checking account for paying household bills, and separate checking accounts for each person. Each member of the couple can make deposits in the joint accounts in proportion to his or her income. Some couples find it simpler to have fewer accounts or to work out a different financial system. In any case, each spouse needs to have some discretionary spending money -- at least a small amount that he or she can spend on a "no questions asked" basis. Financial disagreements can escalate quickly when either or both members of a couple feel they can never spend a penny without facing a lengthy interrogation.

- *Make joint decisions about big purchases.* It's important to talk about big financial purchases together even if you can easily afford them. Talking about major purchases or investments is a way of showing that you see yourselves not just as romantic partners but also as financial partners.
- *Talk with financial advisers together.* At times you may need help from professionals such as bankers, insurance agents, tax preparers, investment advisers or others who can help you make good decisions about money. As often as possible, talk with your advisers as a couple so that both of you have a chance to ask questions and get the answers you need to feel confident about your decisions. This will help to prevent misunderstandings and also ensure that if an emergency arose and one of you had to handle the finances alone, each of you would have the information needed to do this.
- *Look carefully at the causes of financial disagreements.* Marriage counselors say that when couples argue about money, they're often arguing about something much bigger than that, such as their overall hopes and dreams for their relationship. Exploring the broader causes of your disagreements may make it easier to find solutions. Instead of talking about the specific dollar amounts involved, try focusing on your feelings about a difficult financial situation. You might say, "When you buy expensive things like a DVD player without telling me, I feel that you don't value my opinion." Or, "I love taking trips and going to fancy restaurants with you, but I feel very worried that we have no savings that we could draw on if one of us got sick."

Finding help with managing your money

If you'd like advice on managing your money, you can turn to many sources of help, including some that cost little or nothing. These include the following:

- banks and other financial institutions
- accountants and tax advisers
- money-management software programs
- financial planners
- marriage or couples counseling
- family and friends

You may also want to visit Web sites that offer reliable information about managing your money. A good place to begin is the "Money" page at www.consumer.gov. This U.S. government site offers many publications you can download for free on a wide range of topics, including "Credit Repair," "Facts About Investments," and "Safe Internet Banking."

4 • Couples and Money

Learning about all your options will help you and your partner make good financial decisions, whether you have a lot of money to manage or just a little.

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