

Money Strategies for Couples

By Alexandra Timbas

It's no secret that the roles that men and women have played in marriage have changed drastically over the last fifty years or so. Men are no longer expected just to "bring home the bacon", and women are no longer expected just to cook it. One reason is that women are getting married later in life. According to the U.S. Census Bureau, most women in 1963 were getting married around age 20, in 1983 around age 22, in 1993 around age 25, and in 2003 around age 27. This trend suggests that older, more mature, and more established women are heading to the altar overall. These women have had more time to earn higher incomes, acquire savings, and invest in stocks or property, thus making an already sticky subject even stickier. Money is a point of stress in most relationships, and can cause even greater stress when both people are used to their independence. So, what can couples do to avoid fighting about money?

The first and most important step is to sit down and talk openly and honestly about each person's financial situation. There should be no financial secrets between partners. This discussion should include how much each person owns and owes, and a discussion of value and fairness is also extremely important. If one person stays home to raise children, will their contribution be viewed as equally valuable as working to provide for the family? If one partner suddenly loses his or her job, is the other partner responsible for supporting them completely or should he or she contribute from individual savings? How much money does each person consider "enough" to live on? How much should the couple have in savings at all times for emergencies? These are all very important questions to ask and answer as a couple.

Understanding how each partner views and handles money is important to understanding how they spend and save; it's also important to know how each partner's family dealt with money when growing up. The more each person knows about the other, the more they will understand the other's "money issues", and the easier it will be to combine finances. Here's a list of the top eleven tips to consider when dealing with money in relationships:

- (1) **Determine the Couple's Net Worth.** Include income, checking and savings accounts, CDs, employer benefits, retirement/life insurance, and investments. This is important so each partner fully understands how much the couple has to work with.
- (2) **Catalogue Debts.** Make a list of all debts--including credit cards, loans, mortgages, and so on; which ones are partnership debts, and which ones should be the responsibility of the person who incurred the debt.
- (3) **Split Monthly Expenses.** Draw up a list of monthly expenses and decide how they are to be paid—should they be split down the middle? Or should each person be responsible for bills X, Y, and Z.
- (4) **Decide on Joint and Individual Bank Accounts.** Many couples find it easier to have at least one joint checking account for bills, but each person, especially if they have been independent in the past, should have at least a separate savings and checking

accounts.

(5) **Set Savings Goals.** These can include saving to buy a house or car, to save for a vacation, investing, or planning for retirement or a family. It's important to save for emergencies as well'

(6) **Allow Each Person Some Personal Money.** It's important for each person to feel like they don't have to answer to someone else for every purchase they make. Decide on a set amount each month that each person can spend without having to account to the other.

(7) **Save for the Future, but Enjoy the Present.** Money is made so it can be spent—everyone needs a little money to “play” with. Decide how much money will be set aside each month to spend and enjoy as a couple.

(8) **Avoid Fighting About Money to Represent Something Else.** Keep money problems separate from more abstract problems in the relationship.

(9) **Be Honest if the Situation Changes.** It's important to be able to be honest about finances—the more open the couple, the easier it will be to deal with financial hardships. If either partner suddenly loses his or her job or comes into an inheritance, it's always important to tell the other partner right away so the couple can decide what they are going to do.

(10) **Don't Be Afraid to Get Help.** Seek help from financial advisors to sort out finances and manage money effectively.

(11) **Operate Like a Business.** Manage the money in your relationship like the money in a business – make a plan for how you will earn it and spend it, make your money work for you, and set goals that you can work on together, like a partnership.

So how important is money in a relationship? Extremely, but money in a relationship does not have to be a point of contention. When each partner is aware and honest about their financial situation, prepared to talk about it, and open to handling all challenges that arise, the relationship can function as a successful business.

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