NebGuide

University of Nebraska–Lincoln Extension, Institute of Agriculture and Natural Resources

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Getting Connected, Staying Connected

Money and Marital Happiness

John D. DeFrain, Extension Specialist, Family and Community Development; Gail L. Brand, Extension Educator; Maureen H. Burson, Extension Educator; Ann M. Fenton, Extension Educator; Jeanette L. Friesen, Extension Educator; Janet S. Hanna, Extension Educator; Mary E. Nelson, Extension Educator; Cynthia R. Strasheim, Extension Educator; Dianne M. Swanson, Extension Educator; LaDonna A. Werth, Extension Educator

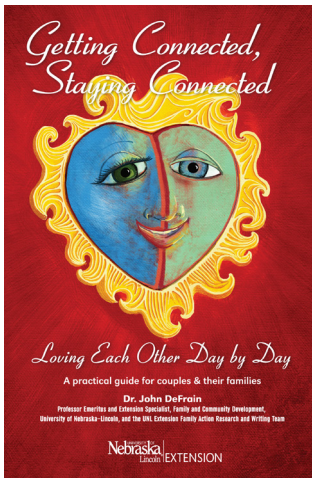
Positive communication and learning to deal with differing views about spending money are key factors that lead to financial success as a couple and as a family. This is No. 13 in a series of 20 NebGuides that focus on building and maintaining strong couple and family relationships written by a team of University of Nebraska–Lincoln Extension Educators.

Couples need to learn to talk about money issues, because finances are the most common stressors for couples and families in every stage of the family life cycle, according to Jonathan Rich.

People have differing views on the importance of money. Why is this? Past life experiences, modeling financial behaviors of one's parents, and personality factors all influence the attitudes an individual will have about spending and saving money. Since finances are the source of conflict in so many marriages, it is essential that couples take time to get to know each other's financial background and values *before* there is a serious commitment.

> *We were really happy before we got married. We went dancing and skiing and just enjoyed each other's company a great deal. After we got married, I think our differences kicked in. I grew up in a family that didn't have much money but we had a lot of fun and liked each other. She grew up in a family that liked each other and had lots and lots of money. It became very clear that I just wasn't making enough money to satisfy her lifestyle, but I didn't expect she would ever leave me. But I was wrong. She left after only two years of marriage and soon after married a doctor.*

A significant amount of research indicates there is a strong relationship between marital happiness and finances. Couples tend to be happier with the relationship when they discuss their individual financial philosophies and find they can agree on the important topics related to how they use their money. Positive communication and commitment are both key factors that lead to financial success as a couple. Even though many marriages have financial challenges, they work the problems out and come up with solutions that are comfortable for both. Communication, the ability to manage conflict, and agreeing on money choices helps make a partnership strong and keeps the partners happy.



For more information about strong couple and family relationships, refer to the book *Getting Connected, Staying Connected,* which can be ordered online at *amazon.com*.

When couples don't talk about how money is important to each of them, saving for the unexpected and meeting financial goals in the future is not likely to happen. Financial practices within the family can cause conflict, especially if one partner feels the other has more control over the family's money.

Find a calm, relaxed time to work through the issues; settle on ground rules to help be honest and broadminded; find ways to understand each other's financial values to make shared decisions on the importance of spending in particular categories.

Joint Account? Separate Accounts?

Should a checking account be one of those things that are shared? It's not necessarily a given that new couples will merge their individual checking accounts into one joint account. Does sharing an account feel risky to one partner? Does not sharing an account cause a partner to become defensive? These emotional issues need to be discussed.

One option is putting all the earnings into one joint checking account. The couple must decide who will have the checkbook and who will have the account record since debit cards have become the norm. Who will manage the checkbook, keep it balanced against the bank statement, and do so routinely? Who is responsible for paying bills? It will be especially important to communicate about purchases to avoid overspending when two are using the same account. If one of the partners is deeply in debt or doesn't keep track of checks and ATM withdrawals, this may not be the best method for you.

Many couples today set up a joint checking account while at the same time managing their own separate checking accounts. Each pays an agreed-upon amount into the joint account, based on the income of each individual. The joint account funds pay the household bills. And each person is allowed the freedom and some financial independence by having individual accounts for personal use. Money as power in the relationship is avoided with this approach.

Other couples choose to have only separate accounts and split the bills, taking the amount each earns into consideration. In this type of arrangement, it is essential that couples be sure to set up their accounts so each can access the funds if one partner dies or an emergency exists and the holder of the account isn't available.

Choosing to have separate checking accounts or a joint checking account should be a mutually agreed upon decision that is satisfactory to both partners. Partners have to honestly talk to one another about financial concerns as they arise. Postponing financial discussions will lead to tension and add stress. You don't want to let money be the cause of problems in a relationship.

Common Financial Concerns

Couples and families often get caught up in controversies over *wants* and *needs*. The needs of a family are things the family members cannot live without. Food, clothing, and a roof over their heads are good examples. The wants of a family are things that will make life more comfortable, make a person feel attractive, or help an individual or family enjoy leisure time.

Couples, and families, should have a clear understanding of the difference between wants and needs. Once again, communication is really important.

Creating a Spending Plan or Budget

Individuals in every couple may have different long- and short-term goals. This is a very important discussion couples need to have. Couples have to realize they may not agree on every goal, so each needs to compromise. Write down short- and long-term goals and review them often.

Creating a spending plan helps determine how money is spent each month, and considers the wants and needs of the family. Discussing what is spent each month is essential to maintaining the budget. A monthly spending plan can keep a couple focused on putting needs first, and it can help them plan so they can make room in the budget for a few wants. Without good communication, the budget falls apart. A budget is a commitment; but the results are worth it!

Have you tried using a spending plan in your family? How did that work for you? Would you do anything different if you worked on a family spending plan today?

Effective Record Keeping

When couples are deciding who is going to be in charge of paying the bills or balancing the checking account, it is important to realize that some people are better at working with numbers and getting the bills organized and paid. Here are a few questions that you might consider when deciding who should be in charge of the bookkeeping:

A: Do you like to do puzzles, play strategy games, or read books? Does your desk at work or home look orderly? Do you prefer to complete one job before you begin the next one? Do you always take the same route home each day?

B: Do you like to be active, play sports, make a craft, or draw or paint pictures? Do you usually like to eat when you get hungry, not at a set time? Do you like to work on more than one project at a time? When you study or read, do you need background music, something to eat while reading, frequent breaks, and changes of position?

If one of you fits **A** very well, that person would likely make a good bookkeeper for your family. If both of you fit **A**, you could work together and share the role of bookkeeper. Remember, though, that making one person the bookkeeper does not give that person the power to make all the financial decisions without input from others. Couples and families will be much happier with each other if they share in the power of financial management.

Fitting in Savings

One of the best reasons for saving is to prepare for a possible financial crisis like an accident, illness, job loss, pregnancy, or divorce. Get in the habit of saving from *Day 1* of a relationship. For your financial protection, at least *six months* of salary should be saved for emergencies. Thomas Garman and Raymond Forgue, experts in personal financial management, offer six guidelines for those who want to save money:

- Don't buy on impulse.
- Avoid buying on credit.
- Buy at the right time.
- Don't pay extra for a brand name.
- Recognize that convenience costs money.
- Question the need to go first-class.

To be able to meet your financial goals, you need to know how to save. The brilliant mathematician, Albert Einstein,

called the formula for compound interest the Rule of 70; 70 divided by the interest rate tells you how many years it takes to double your money. For example, if you are making a 5 percent return on your investments, your money will double in about 14 years. The interest you make also makes more money for you, as the interest is compounded.

This is why your savings can double so quickly. This formula also works against you in the case of borrowing money: using the Rule of 70 again, when you are paying 10 percent interest on your bills, the cost of your purchase will double in only seven years. If you are paying 20 percent interest, the cost of your purchase will actually be double in only three-and-a-half years! You can win big when you are saving money, and you can lose big when you are borrowing money, regardless of whether through credit cards, charging at local businesses, or taking out a loan.

Credit: Friend or Foe?

Credit allows people to enjoy something while paying for it. A positive credit history is needed to secure a loan when buying big-ticket items, but using credit cards has caused many families serious financial problems because credit cards are so easy to use. Unfortunately, they can have high interest rates and very high late fees if a payment is late.

Couples who don't agree on how to use credit cards find themselves in conflict and can be overwhelmed with the amount of debt they have. Countless couples and families get caught in the credit card trap, as this newlywed explained:

> *She came to our marriage with no money and a lot of credit card debt. I came to the marriage with no debt and a chunk of money in savings. She was basically living off five credit cards and the debts finally got out of hand. She's steadily trying to pay down the credit card debt, but it's going to take her five or six years at this rate. I could help pay off her debt and save her lots of interest money. But if I do this, it would put the kibosh on my plans to save enough money to buy a classy new car. What's my responsibility here?*

What do you think? You can prevent future credit problems by respecting the differences between wants and needs.

Dealing with Debt and Bankruptcy

Bankruptcy occurs when one is in an extremely dire financial situation with many overwhelming bills to pay and minimal financial resources to draw on. In this situation, outside help is needed. Anyone considering bankruptcy needs to research the bankruptcy laws to be knowledgeable regarding what the repercussions are at the current time. Bankruptcy affects the life of a family for years after the filing has taken place; couples should be sure they know what those effects will be.

Bankruptcy should always be considered the very last option for dealing with financial problems.

Financial Education and Counseling

Although professional help may be essential to gain control of your finances, the wrong advice can add to already significant problems. Remember the Rule of Three. When hiring, always look at a minimum of three people and compare them before making a decision. Consider the help of family and friends when you develop your list of potential experts. Gather information about each professional; the number of years each has been in practice and the qualifications they possess. Check on the fees and any other rates for services. Find the names of clients you can call to ask about their level of satisfaction, or use the Internet to research the qualifications each professional has. If a contract will be required, research the content of that contract before making your final choice. Avoid *credit clinics* that may charge excessive service fees for those trying to work off debt. Remember to ask questions first and learn as much as you can before hiring anyone.

Learning how to successfully manage finances as a couple when each person may have different attitudes about how to handle money is not easy. But working together successfully is absolutely essential for your long-term financial stability and happiness together.

For greater understanding of the topic in this publication, refer to *Getting Connected, Staying Connected: Loving One Another Day by Day* written by John DeFrain and the University of Nebraska–Lincoln Family Action Research and Writing Team. (2012). Bloomington, IN: iUniverse.

Resources

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This publication has been peer reviewed.

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Family Life
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