UNIVERSITY OF FLORIDA
EXTENSION
Institute of Food and Agricultural Sciences

FCS2180

Your Money Matters[1]

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Overview

Money Impacts Marriage, too

As you have already learned in your life journey, money has a powerful influence in our lives. Money pays the bills; it buys the things we want and need. That is why couples thinking about a future together need to be discuss money *before* marriage.

Why? According to marriage experts, over half of the married couples in the United States argue about money. Money problems are often identified as the cause of disagreements among married couples and frequently the cause of divorce.

In other words, money can be a major source of conflict for couples. It takes open communication and a willingness to resolve problems to keep a couple on track with their money. Couples who create a successful relationship have money problems, too. Their secret? They have figured out ways to talk about money with each other and have agreed on how they will handle money in their life together.

Talk About Money Before You Marry

Why couples don't

Couples seldom discuss the topic of money before marriage, it just isn't romantic to talk about income and debts. But, talking about money, openly and honestly is the only way to start a marriage. If there are problems, ignoring them will not make them disappear.

1. This document is FCS2180, *Your Money Matters*, is one of a series of five publications that are part of *Before You Tie the Knot*, a marriage preparation curriculum of the Family, Youth, and Community Sciences department, Florida Cooperative Extension Service, Institute of Food and Agricultural Sciences, University of Florida. Publication: September 2000. Reviewed: May 2001. Appreciation is given to Millie Ferrer, Ph.D., associate professor, Human Development, Deborah Humphries, M.S., extension agent III, Taylor County, Donna Peacock, M.A., extension agent III, Hernando County; and Meredith Taylor, M.S., extension agent IV, Suwannee County. Please visit the EDIS Web site at **http://edis.ifas.ufl.edu**

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Consider these case studies

Case Study #1. *Ron and Lynn dated a year before they became engaged. Ron was very romantic, sending flowers for special occasions and taking Lynn for dinner to fine restaurants. There were expensive gifts, a beautiful diamond ring and a honeymoon cruise.*

A few months after the wedding, Lynn was shocked to find out that Ron owed $12,000 in credit card debt, much of it acquired while they were dating. Lynn had never asked how Ron had paid for the gifts and had no idea it all went on charge cards.

Case Study #2 *Before Mike and Sandy married the subject of salaries or bills never came up. Mike had a good-paying job and Sandy also worked and paid her half of the monthly bills.*

Sandy was often stretched to pay her share, but Mike always seemed to have extra money. He never hesitated to buy anything he wanted, while Sandy never had extra money to spend for herself. Sandy knew his salary was twice the amount of her own, but she felt uncomfortable about talking to Mike about their financial arrangements.

The Fallout from Silence

Imagine the shock of learning your new spouse owed a large amount of money in credit cards and had never mentioned it.

Imagine the pain of feeling the money arrangement was unevenly balanced. If the couples in our case studies had been open and talked about money before their marriage, they could have started their marriages off on the right foot.

Know Your Own Values and Attitudes

Couples planning on a permanent relationship need to understand that each one comes into a marriage with their own set of values. Values are what is important to you as an individual. Your personal attitudes toward money are highly influenced by your value system.

Two people with different value systems could have difficulty where money is concerned. For example, one person may value spending money while the other might value saving it. That's a built-in conflict (saver vs. spender) but not the only one that can affect a marriage.

Another example: You might think that partners with matching values would have less potential for disagreement, but that is not necessarily the case. Two savers could have a major disagreement on how to invest money. Two spenders could run out of money before the end of the month. Either situation could cause a disagreement.

How and where did you get your values?

The way your family handled money has a major influence on your personal money management style. In some families, the mother was the bookkeeper and check writer, while in another family the father took the responsibility. Some people were raised in a family where nothing was paid on time and bill collectors called on a regular basis. All of these childhood experiences affect money habits. The key is to learn about each other's experiences and try to blend your styles for handling money.

Money Can Be an Emotional Issue

Money can become an emotional weapon when a couple is going through a difficult time. For example, if one spouse is angry at the other, a spending spree may be a way to get even or ease hurt feelings. The result is an increase in debt.

If a couple has an argument, an expensive gift might be purchased to apologize, but again, it will add to the family debt.

What needs to happen in these situations is a heart-to-heart talk and not a major purchase or spending spree. Money should not be used as a way to get even or apologize.

Blending Incomes

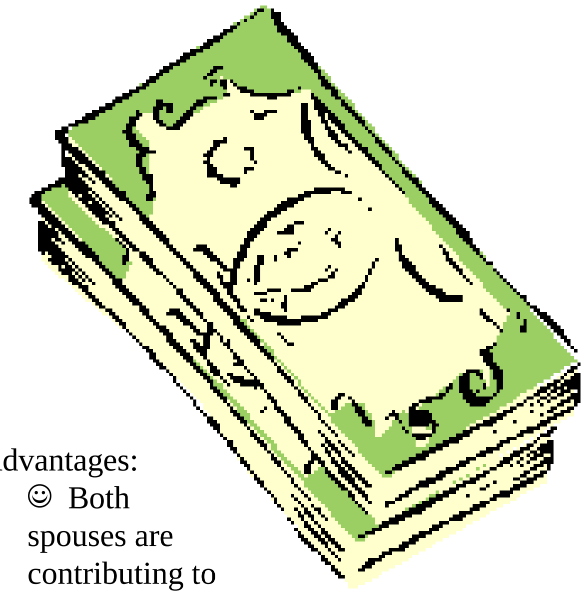
Couples can decide how they want to handle money. Whether you have one or two incomes, couples need to discuss how they will handle finances. Two income couples can consider several different methods for managing the family's money.

Equal Share. Each person puts an equal amount of their pay check into a joint checking to cover basic household expenses. Equal amounts are also contributed to a joint savings. The remainder can be saved or spent as each person decides.

Advantages:
- ☺ Each spouse contributes to both daily and long-term expenses.
- ☺ Each has some money to call his/her own.

Disadvantage:
- ☹ One spouse may earn less money, so the contribution leaves little personal money and may lead to resentment.

Proportional Share. Each spouse contributes a percentage of his/her income to cover household expenses and joint savings. The remainder is his/hers to do with as each pleases.



Advantages:
- ☺ Both spouses are contributing to household expenses and items they purchase.
- ☺ Each has some money to call his/her own

Disadvantage:
- ☹ The higher income earner will have more personal money.

Poolers. Both paychecks are deposited into a joint account and used for both household and personal expenses.

Advantages:
- ☺ The work of each spouse is valued equally, regardless of income earned.
- ☺ Record-keeping is simplified.

Disadvantages:
- ☹ Both spouses may feel obligated to discuss all purchases with each other.
- ☹ Couples need to determine an "allowance" for each spouse.

Dealing With Money

Share information about your income and debts before you marry. Make a habit of talking with your spouse about money and work on a spending plan.

- Never hide debt from your spouse; it creates a tremendous amount of stress on both sides.

- Agree on financial goals. It takes compromising on some issues, but it's all part of marriage.
- Establish a spending plan to direct where your money will go.
- Set up a household record-keeping system.
- Look at your finances with your spouse each month to determine how you're doing financially.
- Make adjustments in your spending plan if it is not working.
- Build an emergency savings account for unexpected expenses.
- Use purchasing practices that reduce spending and redirect money into savings.
- Get into the habit of paying for items with cash.
- Keep your total consumer debt to 20% of your take home pay. (Consumer debt is car payments, credit card payments, etc.)
- Learn about income taxes. The rules are different for married couples. You may find it to your advantage to file a long form.
- Learn about insurance. Investigate the cost of health insurance and life insurance.

For further reading, ask you County Extension office for copies of the following Cooperative Extension publications:

FS7010 Making Financial Plans Together
FS7012 A Spending Plan
FS7018 Records and Valuable Papers

Reference List

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