NATIONAL ENDOWMENT FOR FINANCIAL EDUCATION

COUPLES: DON'T LET YOUR PARTNER DO ALL THE FINANCIAL DIRTY WORK

Make Financial Literacy a Mutual Goal

ENGLEWOOD, COLORADO—It's been said many times that opposites attract when it comes to relationships. One partner likes to sail, while the other may prefer having his or her feet on the ground. Some people enjoy traveling, whereas others favor staying close to home. In many situations these varying characteristics don't pose much of a problem, but experts say it can be dangerous when it comes to differing levels of financial knowledge. If one person in a relationship manages every penny of the couple's money without any input from—or awareness of—his or her significant other, the uninvolved individual can get into trouble when the partner dies or if the couple splits up. The result is that the remaining partner usually is left woefully unprepared—not knowing what the debt obligations are, where to find the insurance policies or even how much money is in the bank.

While it's rare for two individuals to be equally interested in—and knowledgeable about—money management, sharing information about this hot-button topic is critical to a financially healthy relationship. "For many couples, that means going on a mutual quest for financial literacy," says Ted Beck, president and CEO of the Colorado-based National Endowment for Financial Education® (NEFE®). NEFE is an independent, nonprofit foundation committed to educating Americans about personal finance and empowering them to make positive and sound decisions to reach financial goals.

"One member of the couple usually has a handle on most of the financial information, and he or she may even enjoy assuming responsibility for the money. This arrangement is fine, as long as the other partner agrees with the decisions being made and stays informed about what's going on financially," says Beck. "Otherwise, issues around money can become an emotional power struggle that eventually can jeopardize the relationship as a whole."

To help couples get on equal footing regarding their finances, Beck offers the following suggestions.

- **Get it together.** As a couple, collect all financial paperwork, from bank statements and wills to insurance policies and property deeds. Make an inventory of everything you own and owe. Then, decide how to store the information where both people can access it, and set a time to update it yearly. "Include in the inventory the names and phone numbers of your financial advisors," says Beck.

- **Talk until you drop.** Communication is the key to a healthy relationship, and that goes for discussions about money, too. Money is the number-one thing couples fight about[1], so you may as well learn to fight fair. Start by talking with your partner about your personal approach to money, and ask for his or her perspective. Explore how your money personalities may have been formed by your experiences as children, and what that means now that you are adults. Discover common ground, identify points of difference and decide how you will handle them. You may want to consider meeting as a couple with a financial planner, which often can help you stay focused on having a positive discussion without letting emotions that surround money sabotage your efforts. "Money discussions can be uncomfortable for many couples, but no matter what the outcome, you'll have initiated a dialogue that most likely will benefit your relationship, both financially and in general," Beck says.

- **Work toward common goals.** Talk about your financial future, the goals you would like to reach and how you can work together to achieve them. "Once you have established financial goals, both individually and as a couple, you may be surprised to find what a difference that makes in your motivation to learn more about personal finance," Beck observes. For example, if your mutual goal is to buy a home, you both may become highly motivated to educate yourselves about real estate and mortgages. Perhaps with this in mind, you'll find that the two of you suddenly abandon your desire to save up for a snazzy sports car. In general, when both partners feel they have a stake in reaching a mutual financial goal, they each will be more likely to manage their money wisely, and will quarrel less about unwise spending patterns.

- **You learn something every day.** Even if one member of the couple is more financially savvy than the other, there's still plenty to learn together. You and your partner might take a basic personal finance class at your local college, or surf Web sites together as you search for information. (For example, log on to the NEFE-sponsored Web site www.smartaboutmoney.org.) Or, get a subscription to a personal finance magazine, read at least one article every month and share what you've learned with your partner.

- **Fun financial dates.** Another smart idea is to go on a regular money date—a time you and your significant other set aside from other obligations to talk about finances, share new information and ask questions. It's a good idea to arrange for this to take place in a pleasant setting, such as a park you both enjoy or a favorite restaurant. That way, you both can look forward to the discussion.

- **Meet the professionals.** Ask yourself, "Would I know whom to call if I got into a car accident? Whom do I contact with a question about my income taxes?" If either of you doesn't know the answer to these questions, and others like them, it's time to arrange for an introductory meeting with a professional. "It's also important to encourage your partner to come along when you visit your insurance agent, financial planner or attorney," Beck says. "Make it a goal for both individuals to stay informed about what's happening in your lives financially."

- **When all else fails.** Despite your best efforts, what if your significant other refuses to take an interest in money matters? "As the primary household money manager, the worst thing you can do is render your partner helpless should you lose the ability to oversee your finances," says Beck. The next best option may be to arrange for a trusted financial advisor to pick up the slack if something should happen to you. Also, recognize that there may be instances in which it is in your best interest to retain as much control of your finances as possible—for example, if your partner is abusive, or has a serious addiction such as gambling, that could threaten your financial stability.

"Fortunately, these situations are not the norm," Beck says. "For most couples, sharing and relating about money issues contributes to a healthy relationship. I firmly believe that the more couples can learn about personal finance, the greater their potential for enjoying happier, more secure and more satisfying lives together."

1) The Consumer's Almanac: http://www.pueblo.gsa.gov/cic_text/money/almanac/calmanac.htm.