

Search

How do I find it?

Most popular on site | [Subscribe to paper](#)



[Home](#) [News](#) [Travel](#) [Money](#) [Sports](#) [Life](#) [Tech](#) [Weather](#)

**Managing Your Money**

Inside Money

[Shopping](#) [Buy a Car](#) [Job Search](#) [Online Dating](#) [Real Estate](#)

**GET A QUOTE:** Enter symbol(s) or Keywords [DJIA](#) 11,094.43 ▼ -184.18 [NASDAQ](#) 2,164.74 ▼ -45.63 as of 4:30 PM ET © BigCharts

# Compromise is vital to forming a successful financial life together

**Related Advertising Links**

What's this?

[Forex.com - Free Practice Account](#)  
[www.forex.com](http://www.forex.com)

Advertisement

Updated 5/5/2006 7:38 PM ET

[E-mail](#) | [Save](#) | [Print](#) | [Reprints & Permissions](#) | [Subscribe to stories like this](#)

## COUPLES AND THEIR CASH

In this seven-week series, USA TODAY is exploring the ins and outs of couples' finances. Each Monday, we'll profile one of five couples who agreed to a Money Makeover from USA TODAY and the Financial Planning Association. Each Friday, we'll cover couples' most pressing financial issues and offer advice on how to handle them.

By **Kathy Chu, USA TODAY**

If you have serious hopes of achieving financial peace with your partner, keep this in mind: Compromise is the most vital ingredient.

The first step toward compromise is simply to talk with each other about your finances. Trouble is, for reasons that baffle and confound financial planners, couples often spend more time planning their annual vacations than they do discussing their long-term financial goals.

Even couples who do talk tend to minimize their problems and exaggerate how well they're managing their finances. Major problems tend to include spending more than you earn and anointing one person the financial czar in the household, while the other person relinquishes all control.

What to do? First, acknowledge your problems. Not doing so can be an "absolute barrier to making progress on the road to financial security," says Greg McBride of Bankrate.com, a personal-finance site.

You also need a plan of action. A survey that the Financial Planning Association (FPA) conducted for USA TODAY this spring found that 60% of planners say the most valuable move couples can make to improve their financial lives is to set specific goals, such as socking away a set amount each month for retirement and the kids' college education.

That's critical, because, "How do you know you're on the right path unless you know what the destination is?" asks Dan Moisand, president of the FPA, whose members include about 27,000 planners. "It's particularly helpful if you're both trying to get on the same path," because this will make it easier to reach your goal.

Some major financial issues that trip couples up and how to resolve them:

### Communication

Hold regular meetings, whether each month or twice a year, to discuss your goals and update each other on your progress.

Money is a touchy subject. It might mean financial freedom to one member of a couple — the one who runs out to put a down payment on that spiffy Porsche Boxster the moment the year-end bonus arrives. And it can mean security to the other partner — the one who pulls as much money as possible from each paycheck and directs it into a savings or investment account.

Find out where your partner stands. "The more couples discuss things and try to understand each other's perspective, the more they respect each other," says Bill Ramsay, a financial planner in Raleigh, N.C. "The more they respect each other, the better their relationship works and the better their finances tend to go."

Financial compatibility isn't necessarily about having the same spending habits; rather, it's about being able to accept differences in each other's approach to money and to work together, says Diane McCurdy, author of *How Much Is Enough? Balancing Today's Needs With Tomorrow's Retirement Goals*. Crafting a budget should accommodate the needs of both partners, even if one is mostly a spender and the other a saver.

One piece of good news: Most couples already talk to each

**INTERACTIVE BUDGET:** What is your ideal budget? Find out how your monthly expenses compare with general budget guidelines.



**INTERACTIVE QUIZ:** How financially compatible are you and your mate? Take our quiz and get your personality profile.

**CHAT:** Have questions about planning for unmarried or same-sex couples? Ask planner Debra Neiman, Monday, 4-5 p.m. ET.



**ONLINE DIARY:** Reporter Kathy Chu details how she and her husband manage their finances.

**MEET OUR COUPLES:** Follow the complete series as 5 families get a money makeover.



## TALKING ABOUT MONEY

Five tips for talking about money with your partner

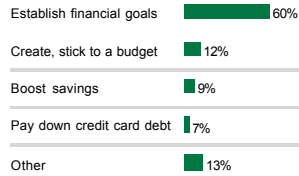
1. Find a regular time to discuss money when both of you are relaxed and don't have pressing matters on your mind.
2. Start the conversation with an expression of appreciation for your partner, whether about money or something else.
3. Use non-judgmental "I" messages, such as, "I feel scared that we're not saving enough for retirement." Don't say, "I feel you have a spending problem."
4. Don't interrupt when the other person is speaking. Repeat what your partner says and acknowledge what he or she might be feeling.
5. Reward yourselves for financial progress in a way that doesn't undermine your goals. Go to a museum, go on a bike ride or devote a day to each other without phones or TV.

Source: Olivia Mellan, author of Money Harmony: Resolving Money Conflicts in Your Life and Relationships. Web site: [www.moneyharmony.com](http://www.moneyharmony.com)

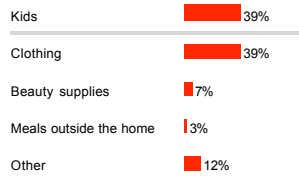
## ADVICE & OBSERVATIONS

In a poll that the Financial Planning Association conducted of its members for USA TODAY, planners offered advice and some frank opinions about the way many couples manage their money. Some of the highlights:

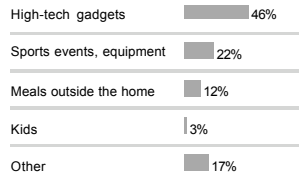
### What is the most valuable step couples can take to improve their financial lives?



### With traditional couples, top areas in which women tend to overspend:



### With traditional couples, top areas in which men tend to overspend:



Source: Financial Planning Association survey of 189 financial planners, conducted between March 9 and April 2

other before making major purchases. Among those living with, or married to, another person, 96% generally do so, according to a March USA TODAY/CNN/Gallup poll.

### Too much debt, too little savings

The general wisdom is that your housing expenses, such as rent, mortgage payments, property insurance and property tax should not exceed 28% of your gross income. These costs and other debt payments — such as on credit cards — should be no more than 36% of income.

For savings, try to put away 10% to 25% of your gross monthly income, increasing the percentage as you age and approach retirement, advises financial-services company TIAA-CREF.

Unfortunately, credit card debt has become a way of life for many couples who use plastic to spend more than they earn. This "disconnect between spending and income" leaves "little room for saving or flexibility," McBride says.

The top areas where men tend to overspend are on high-tech gadgets, sports events and equipment, according to the FPA survey. Women tend to overspend on clothing and kids, the planners say.

Stop the debt cycle by paying yourself first. Direct a portion of your monthly paycheck into your retirement account, children's education account or even your personal travel fund. Step this up whenever either of you gets a raise.

You can make your financial lives easier by automating bill payments, too. The mortgage, student loans and credit card bills will automatically come out of your account every month.

You won't miss money you don't see. And you won't have to whimper about that \$39 late charge you got hit with for sending in your credit card payment one hour past the deadline.

### Dominant player

One person can take the lead on major investment decisions. But that person shouldn't dictate how the couple's financial empire should be run.

What does this mean? "You don't get to bow out of being involved," says Elizabeth Jetton, a financial planner in Atlanta. "One of you may be better at handling the big picture, but you have to agree this is your goal."

Both partners should have a broad overview of their combined assets and debt, how their money is being invested and where. This is true even if one person manages the bill payments and the other oversees the investments.

In most relationships, men still oversee investments and take charge of most financial decisions. But there's a practical reason for women to get involved: They typically live longer than men. Divorce, too, tends to thrust financial responsibility suddenly onto women's shoulders.

### Hiding valuables

Nearly 55% of couples hide financial assets from one another, according to the FPA's survey of financial planners. This could mean, say, receiving an inheritance and failing to tell your spouse about it or opening a secret bank account in the Cayman Islands.

Among divorcing couples, this tactic is a way to keep one spouse from getting at the asset. But it's not always intentional.

"If they have an account somewhere that they forgot about, then find it and come clean, then that's one thing," says Haran Levy, an accountant in Houston. "If they fraudulently do it, that's different."

This practice is banned in California, a state that considers most assets acquired after marriage as joint property. If a spouse hides a communal asset to avoid having it divided up in divorce, a court could award the other spouse the entire asset.

One lottery winner, Denise Rossi, found this out the hard way. In 1999, a California court awarded her husband the full \$1.3 million lottery payout she had won and failed to declare during the couple's divorce proceedings. An appeals court upheld the ruling two years later, on the grounds that Rossi had intentionally concealed the asset.

Everyone needs some financial freedom. Agreeing to have separate bank accounts is one way to go about it. But hiding assets is not recommended.

"There's obviously a trust issue there that could go way beyond money," Moisand says.

Posted 4/27/2006 10:49 PM ET

Updated 5/5/2006 7:38 PM ET

E-mail | Save | Print | Reprints & Permissions | Subscribe to stories like this [RSS](#)

Related Advertising Links

What's this?

**7 Top Funds at Vanguard - Free**

New research report from Dan Wiener reveals 7 top funds at Vanguard to buy today; 10 to sell; 6 at risk and more. All free from America's #1 independent Vanguard watchdog!  
[www.adviseronline.com](http://www.adviseronline.com)

**Learn to Trade Successfully**

Benefit from years of experience from eSignal. Online and local seminars offer the strategies and the tools to trade profitably. Sign up today!  
[www.esignallearning.com](http://www.esignallearning.com)

**Forex.com - Free Practice Account**

Trade your strategy in the Forex Market. 24 hour forex trading, no commissions or exchange fees. Start with a free 30-day practice account.  
[www.forex.com](http://www.forex.com)

Place your ad here

Advertisement



VICTORIA'S SECRET SEMI-ANNUAL SALE  
BRAS \$12.99 & UP  
PANTIES \$3.99 & UP [▶ SHOP](#)

**Newspaper Home Delivery - Subscribe Today**

[Home](#) • [News](#) • [Travel](#) • [Money](#) • [Sports](#) • [Life](#) • [Tech](#) • [Weather](#)

**About USA TODAY.com:** [Site Map](#) | [FAQ](#) | [Contact Us](#) | [Jobs with Us](#)  
[Terms of Service](#) | [Privacy Policy/Your California Privacy Right](#) | [Media Kit](#) | [Press Room](#)

**News Your Way:** [Mobile News](#) | [Email News](#) | [Add USA TODAY.com RSS feeds](#)

**Partners:** [USA Weekend](#) | [Sports Weekly](#) | [Education](#) | [Space.com](#)

Copyright 2006 USA TODAY, a division of Gannett Co. Inc.