DevNW

DEVELOPING THRIVING COMMUNITIES

Love & Money

A COUPLES FINANCE WORKSHOP

WHO'S ROLE IS IT ANYWAY?

Couples Finances Fact or Fiction

Read the following and if each statement is fact or fiction.

1. You should share personal financial details before you're legally married.
2. Partner A is carrying $10,000 in credit-card bills. Partner B pays their balance in full each month. Partner A is legally responsible to pay off the debt once they marry.
3. The golden rule for a happy marriage is to merge all of your financial accounts from the beginning.
4. If you and your spouse both have student loans, it's a bad idea to merge them to streamline your debt repayment.
5. Partner A buys stocks on hot tips. Partner B keeps all of their money in low-interest savings accounts. This couple is best off keeping their investing lives separate.
6. Partner B's credit score is a pristine 780, Partner A's is a less desirable 610, and they want to apply for a mortgage. The couple's best bet may be to apply for the loan based solely on her income.
7. You want to save money both for your kids' future college education and for your retirement. Your children's college education should be your first priority followed by your retirement.
8. In every relationship, there should be just one person who manages the household budget and finances.

See next pages for answer key.

WHO'S ROLE IS IT ANYWAY?

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Answer Key

1) **You should share personal financial details before you're legally married.**

FACT

Early and frequent communication with your sweetheart is critical to help avoid fights down the road, says Cathy Pareto, a financial adviser in Coral Gables, Fla. Most Americans appear to be on the right track: 68% of respondents in a CreditCards.com survey said that sharing the same attitudes about money is the most important factor of a relationship. And 57% of women and 47% of men said they would want to know a partner's credit score before becoming seriously involved. Discuss your debts, income, credit history, investments and goals.

2) **Partner A is carrying $10,000 in credit-card bills. Partner B pays their balance in full each month. Partner A is legally responsible to pay off the debt once they marry.**

FACT

It's Partner A's debt and Partner A's responsibility is correct. However, each couple must decide how to handle the situation in a way that works best for them. Maybe she makes more money than he does and she is willing to help him out. Or perhaps they agree that Partner A should concentrate on paying off Partner A's debt while Partner B's focuses on saving money for their short and long-term goals. Once they are debt-free, they can decide together how to accomplish their joint financial goals.

3) **The golden rule for a happy marriage is to merge all of your financial accounts from the beginning.**

FICTION

For some couples -- especially those who have bought a house and had children -- pooling most or all of your accounts makes sense. But until you've had plenty of honest conversations with your partner about how you'll handle your money together, keep your accounts mostly separate. "Better to wait to commingle than to do it too soon and be unpleasantly surprised that you have an irresponsible partner," says Pareto.

4) **If you and your spouse both have student loans, it's a bad idea to merge them to streamline your debt repayment.**

FACT

Consider a worst-case scenario: If you end up separated or getting divorced, teasing out each person's debt balance would be nearly impossible. Plus, if one spouse defaults, the other is left responsible for the loans.

WHO'S ROLE IS IT ANYWAY?

Couples Finances Fact or Fiction

5) **Partner A buys stocks on hot tips. Partner B keeps all of their money in low-interest savings accounts. This couple is best off keeping their investing lives separate.**

FICTION

Together, a couple with different tolerances for risk can make a good investing team because they can play to their strengths and compensate for one another's weaknesses. Take a big-picture view of your investments, and make sure your overall asset allocation is appropriate for your age and goals. Then look at your investment options. If, say, Partner B's 401(k) plan has a stable-value fund paying attractive interest rates, Partner B can stash a portion of her retirement savings in it, while Partner A adopts a more aggressive approach in his retirement plan to complement her conservative allocation.

6) **Partner B's credit score is a pristine 780, Partner A's is a less desirable 610, and they want to apply for a mortgage. The couple's best bet may be to apply for the loan based solely on her income.**

FACT

If one spouse has a considerably higher score, they will snag a much lower interest rate on a loan. And as long as both of your names will be on the title, joint assets can still count, even if you apply for the loan in one person's name. However, applying based on one income could reduce the amount you can borrow. If you do take out a loan together, one person's bad credit history won't affect the other's credit record as long as you make your payments on time.

7) **You want to save money both for your kids' future college education and for your retirement. Your children's college education should be your first priority followed by your retirement.**

FICTION

Your kids can borrow money for college, apply for scholarships, work to earn extra cash and shop for less-expensive schools. But there are no scholarships or loans for retirement, so put your future first. Make sure you contribute at least enough money to your 401(k) plan to capture any employer match before diverting money to college savings. Or you might designate percentages of your savings to go toward each -- say, 85% toward retirement and 15% toward college.

8) **In every relationship, there should be just one person who manages the household budget and finances.**

FICTION

If you're in this class together, you don't need me to unpack this question. ☺

Adapted from Kiplinger Magazine's "Couples Money Quiz:"
http://www.kiplinger.com/quiz/credit/T065-S001-the-couples-and-money-quiz/index.html

COUPLES FINANCES DISCUSSION QUESTIONS

Practicing Money Conversations

Money conversations can be scary, awkward—but they don't have to be that way. There are many ways to create money conversations, but here some questions to get you started, looking back to past, to the present and to the future.

Our Past

What's your first money memory?

When did you first earn money and reached a money goal?

What money habits did your parents/leadership practice? Do you embrace or reject these habits?

Did your family save, have debt, and or have a budget as a child? How did you feel about it?

Our Present

What's one money-habit that you admire about me?

What does having money mean to you? What values drive your financial decisions?

If you won the lottery, what's the first thing you'd do?

If I lost $100 on something and didn't tell you about it, what would be your reaction?

What are you comfortable telling me about your money? Any debts that are important to know?

What excites/scares you about money?

What do you wish you knew more about?

Our Future

What dreams do you have for our future? (1 year, 5 years, 20 years)?

What money related goals do want to work towards? (1 year, 5 years, 20 years)?

What non-money related goals do want to work towards? (1 year, 5 years, 20 years)?

Do we expect to support my or your parents or other loved ones in the future?

What would you want to happen to your money if you died?

What do you want to leave behind (for our kids or others)?

IN CLASS ACTIVITY

Reflection Worksheet

My Money History

1. What values and beliefs did you learn from people close to you growing up?

2. What did you embrace? What did you reject?

3. Based on this, what is one core money belief you live with?

Four Questions to Ask after a Money Conflict

1. ____

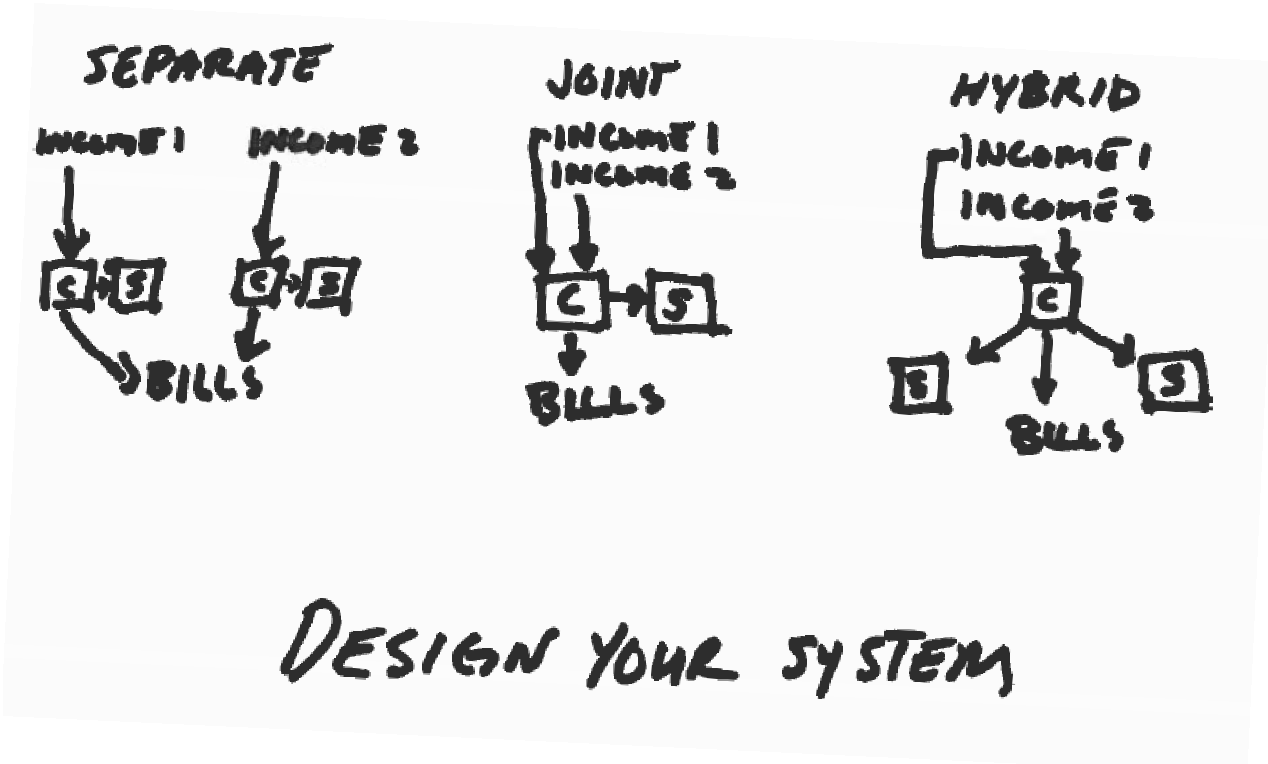
2. ____

3. ____

4. ____

HOW DOES MONEY FLOW TO/FROM YOUR ACCOUNTS TO BUILD TO GOALS?

Build Your Money System



WHAT'S COMING IN & WHAT'S GOING OUT?

Monthly Spending Plan

Monthy Income

	Estimate	Goal
Monthly Gross Income	$	$
Income from other jobs/resources (side hustle, SNAP, SSI, SSDI, Child Support, TANF, Social Security, etc.)	$	$
Monthly Net Income	**$**	**$**

Monthy Expenses

	Estimate	Goal		Estimate	Goal
Housing (Rent or Mortgage)	$	$	Pet Expenses	$	$
Utilities, Trash	$	$	Household & Personal Care	$	$
Internet	$	$	Gym/Health	$	$
Groceries	$	$	Cable or Streaming Service	$	$
Dining Out	$	$	Entertainment	$	$
Coffee/Beer/Cigs	$	$	Savings for Emergencies	$	$
Cell Phone & Plan	$	$	Savings for Goals	$	$
Transporatation – Gas, Bus	$	$	Saving for Retirement	$	$
Transportation - Repair	$	$	Charity or Tithing	$	$
Insurance – Car	$	$	Debt Payment - Car	$	$
Insurance – Renters or Home	$	$	Debt Payment – Credit Card	$	$
Insurance – Life, Disability, Etc	$	$	Debt Payment Student Loan	$	$
Medical/Dental – Out of Pocket	$	$	Debt Payment – Medical	$	$
School Expenses	$	$	Debt Payment – Other	$	$
Child Expenses	$	$	Legal (Child Support, etc.)	$	$
	$	$		$	$
	$	$		$	$
	$	$		$	$
			Total Monthly Expenses	**$**	**$**