

Financial Smart Start for Newlyweds

Understanding and Sharing Your Financial History

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Money can be more of a barrier between people than language, race or religion.

– VERA CASPARY

Because your histories with money may be different – and sometimes even in conflict – solutions begin in understanding each other and in being willing to consider new commitments and new ways – even new habits – of making decisions about money.

Example 1: Jackie and Jessie

Jackie grew up in a family with very little money. Her parents did not own their home, and there was always a sense of insecurity about having enough money to keep a roof over their heads and cover the family's basic needs. Because Jackie grew up with this financial insecurity, Jackie has a savings account that will take care of her living expenses for three months if an emergency were to occur. Jackie gets very nervous every time her checking account has less than \$1,000 in it. She always worries that she will run short of money even though it has never happened because she is a cautious and conscientious money manager.

Jackie's fiancé, Jessie, grew up in a middle-class family and the children never really thought about money. The family lived in a suburban neighborhood, and his parents still live in

the house where he grew up. If Jessie's parents had concerns about finances, Jessie never knew about it. Jessie spends very little time thinking about money. He knows he makes a salary that allows him to do what he wants to do. He has little money set aside for emergencies and generally does not feel a need to think about such things. Jessie's attitude is, "Why worry about such things until they happen?"



Jackie and Jessie's different views about financial security are logical outcomes of their family life growing up. Therefore, as Jackie and Jessie enter into marriage, they will most likely have different ideas about how they should manage their finances together as a result of their practical experience and emotional history with money.

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Example 2: Wesley and Connie

When Wesley finished college and got his first professional position, he immediately opened several credit card accounts so he could purchase nice furniture for his apartment. In addition, he bought a new car with an installment loan. He felt these purchases were necessary considering the entertaining he would need to do with his job. He soon found he could barely make his monthly payments and eventually went to a financial consultant for advice. Because of his early decisions, it took five years for him to feel like he was in control of his finances. This was such a painful experience, he has promised himself he will never again be financially overextended.

Wesley's girlfriend, Connie, has just finished college and has a great job. She wants to enjoy her newfound financial freedom by purchasing some nice things. She is sick of "college poverty." She wants to buy a new car and get rid of the "junker" she has been driving all through college – the car that regularly stalls at stop signs and has to be towed. Since she and Wesley have talked about getting married in a few years, she also wants to buy a house and furnish it nicely so they will have a nice place to live when they get married. In order to do all of the things she wants, Connie will need to buy things on credit. Although she has a great job, she has no savings or cash reserve with which to purchase the furniture and other household items.

Wesley and Connie also have different emotional histories when it comes to money. Wesley has learned from painful experience as an adult to be very careful in using credit. Connie, on the other hand, has not had this experience. If they decide to get married, they will likely have very different ideas about how to use credit.

The Meaning of Money

Individuals go into marriage with values, attitudes and behaviors that are unique to them based upon their life experiences. These life experiences come from differing ethnic and religious cultures, socioeconomic backgrounds and choices that have been made along the way. We sometimes go into a marriage relationship assuming that our spouse thinks the same as we do in terms of how we want to do things. Just as with other aspects of married life, family financial decision-making also springs from a history that influences how we expect to do things in the future. Without talking about these issues, many couples will feel blindsided by the financial difficulties they may create.

Specifically, individuals rarely consider how their emotional history with money relates to their behavior. After all, many of us may think that money and finances have little to do with emotions and feelings.



When we do think about concepts that have to do with money, we may be surprised to realize that the concepts are attached to emotions rooted in our life experiences. As examples, as you think about the following phrases, stop to consider what feelings or emotions go with them.

- Winning the lottery
- Your home being in an earthquake
- Budgeting
- Having no savings for a financial emergency
- Receiving an inheritance
- Investing in the stock market
- A husband or wife managing the money exclusively
- Life insurance
- Health insurance
- Auto insurance (as well as loan payments)
- Having \$30,000 in school loans

If you reflect on your emotional history connected to these concepts, you realize they are not neutral. For example, having life insurance may evoke feelings of security for one partner because they know their beneficiaries will be cared for after they are gone. For another person, life insurance may evoke feelings of money wasted on insurance premiums, because in their family, the recipients of life insurance money "blew it" on material things that were gone within a couple of years.

Having \$30,000 in school loans may create a sense of panic for one person who sees the years of indebtedness ahead as financial bondage because of their past experiences with debt. Another person may feel very secure in knowing that \$30,000 in school loans is an investment in the future because of their increased earnings potential. Different people are likely to respond differently – including emotionally – to the examples above. These emotions are likely to be logically connected to a person's life experiences.

It is important to begin talking about our past thoughts and emotions with money before marriage. We may avoid talking about money because we think it will take away from the romance of the relationship. Because people have typically not had experience talking about money as a couple, talking about our emotional history is a good way to begin this discussion. Here are some things to keep in mind as you begin your discussions about money. These guidelines might be used as you complete the exercises following this section:

- Carefully choose a time and place to begin your discussion about money. Being relaxed and without interruptions will allow each of you to express your thoughts and more readily listen to what your partner has to say.
- Allow enough time for each person to say what they want to say.
- Listen to each other without interruption or voicing judgment about what has been said. (Remember, you are on the same team. Seeing your partner as “the problem” is a problem.)
- Let your partner know that you heard what was said by restating what you heard them say. For example, you might say, “What I hear you saying is...” (Give your partner the gift of understanding.)
- When we share emotions, we are usually letting the other person know our areas of vulnerability. Do not abuse that trust by using what the person shared to hurt them. (Compassion is a key to positive financial discussions in marriage.)

Using the Present to Bring the Past Forward

The best way to understand our own emotional or practical history is to think about past experiences. We can start with our life growing up and continue until the present time.

Activity 1: Individually sit in a quiet place with paper and pencil. Begin by thinking about your first experiences with money. Write down some of the events that happened. Try to list at least ten things. Some things to get you started might include receiving an allowance, a parent being laid off or how you spent money as a child. Continue to think about your experiences through your teen years, such as having money for recreation or getting your first job. Your young adult years may also have provided you with some experiences that relate to how you think about

money today. When you have completed this list, reflect on and identify the emotions that went with each event. Then think about how your emotions and actions today are linked to those past events.

Continue this exercise by thinking about your present attitudes, thoughts, emotions and values about money.

You have just completed an assessment of many of the emotions and experiences regarding how you are connected to money today.

Activity 2: Share what you learned from completing the first activity with your partner. We invite the person listening to imagine being in their partner’s shoes as he or she describes the attitudes, emotions and practices about money they experienced when they were growing up. [*To imagine what the other person’s world was like increases our appreciation and understanding of them.*]

Our reflections may be sobering or humorous, but they are usually insightful. We can use our deeper understanding of each other to see what our starting points are to make wise decisions in the present.

Activity 3: Individually think about the list you developed above and ask yourself how the events and emotions that go with those events relate to your current financial actions. In other words, how is your financial history relevant to your current behaviors? Write down your responses.

Activity 4: Set aside time to explain what you understand about yourself and the ways you presently deal with financial issues. Offer starting points of what you need to change and what you feel should stay the same regarding how you behave in the present moment with money.

Recommended Resources

- www.arfamilies.org – The Arkansas Families web site of the Cooperative Extension Service has the latest research-based information on family life, personal finance, nutrition, health and personal development.
- <https://powerpay.org> – PowerPay features online financial calculators to help you design your best money management plan. Go to <https://powerpay.org> and click on the “Arkansas” tab. Features include:
 - PowerPay: Discover your fastest debt repayment plan.
 - Spending Plan: Compare what you spend to experts’ recommendations.

- PowerSave: Project savings based on different options.
- Calculators: Calculate house and transportation costs, emergency savings and more.
- **The Marriage Garden** – Creative, research-based marriage education curriculum that focuses on six keys of healthy marriage relationships (available at www.arfamilies.org or by contacting your local county extension agent).
- **The Seven Principles for Making Marriage Work** by John Gottman – A practical guide from the country's foremost relationship expert (available from most booksellers).

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Please check out these other fact sheets in the **Financial Smart Start for Newlyweds** series:

Financial Smart Start for Newlyweds:

Introduction, FSFCS200

Debt in Marriage, FSFCS202

Realistic Expectations About Expenses and Income, FSFCS203

Creating and Sticking to a Budget, FSFCS204

Credit and Overspending, FSFCS205

Money, Manipulation and Power, FSFCS206