Financial Smart Start for Newlyweds

Money, Manipulation and Power

James P. Marshall, Ph.D.
Assistant Professor - Family Life

Laura Connerly
Instructor - Family Resource Management

Riches do not consist of the possession of treasures but in the use made of them.
– Napoleon Bonaparte

Variations in Money Management

In some marriages, responsible money management can be sabotaged by certain attitudes and motives. One partner may use money as a tool to gain power over the other partner. If the controlling partner is the sole earner or earns the most in a two-earner marriage, the controlling partner may use that fact to insist that he or she has the "right" to say how the money is spent. This instantly undermines the "we are in this together" spirit of a marriage and devalues the essential nonmonetary contributions given by either spouse to the quality of the ongoing relationship. Another example of such sabotage is when one partner uses money as a show of power or even petty revenge by overspending, leaving the couple continuously struggling to pay all the bills.

Distributing household income (and other resources) has to do with deciding what issues are priorities as well as who will establish them. In any relationship, the possibility always exists that whoever has control may try to satisfy his or her own needs and wants before considering the needs and wants of their partner. Finances (and relationships) work best when both partners consider themselves equals in decision making. We establish a household on the assumption we are willing to act in each other's mutual best interests. Our decisions about money must be grounded in that idea as well. When money management is a symptom of mutual responsibility, it is also a sign of unity in the relationship.

One way of dealing with the threat of self-interests in financial matters, where control and dominance become problems, is to set up clear rules about how money is handled. In addition to agreeing on goals and establishing a spending plan, this may mean having two or three separate checking accounts (to be drawn upon for specific and distinct categories of spending) rather than pooling income where everything goes into one account. If a power conflict exists in a relationship, having separate accounts will allow the partner who earns less, or who feels like they have less power, to have some sense of autonomy.

Even in the absence of a power conflict, keeping some money separate often helps partners retain a healthy sense of self-direction and personal responsibility. Some couples put an equal amount of their money into a joint checking account to cover household expenses. The remainder of their earnings is saved in individual accounts or spent as each sees fit. This way each partner has some money to call his/her own that they can manage without answering to the other spouse.

Some couples, especially those where there is a gap in earning power, decide that each spouse will contribute a percentage of his or her income to cover monthly household expenses. Savings, including building up a fund for major purchases like furniture or a vacation, are kept either separate or pooled. This way both partners are contributing to present household expenses and future agreed upon purchases while also retaining some independent control over discretionary funds.

"Pooler" couples combine all their income to use for both household and personal expenses. However, the spouse with the lesser income may not feel he or she has much say about how their joint money is spent. Once the money "comes through the door," it is usually wise to ignore who contributed how much in order to make joint decisions truly mutual. Possible downsides to "pooling" may include that both spouses feel obligated to discuss every purchase with each other and neither has an independent "allowance" to spend as they wish.

Variations of all these systems are possible, of course. For example, a "pooler" couple could use one checkbook, but each person carries a "wild check" for emergencies. A proportional share couple may divide household expenses into categories: one spouse pays the mortgage and insurance while the other pays for groceries and all utilities.

Managing Money Management

Partners usually discover early on in a marriage who can balance the checkbook efficiently. However, it is not a good idea to make that a lifetime occupation. Rotate financial jobs occasionally. If one partner always writes the checks for the bills, the other partner may lose touch with what is going on with their finances. It is important that the bill-paying partner inform his or her partner where the records are and how they are organized. Some couples use a six-months-on and six-months-off system. One couple changes roles every year – she takes care of maintaining the family car, and he pays the bills and balances the checkbook. The next year they reverse.

A regular schedule of tackling money tasks is critical to good money management. It can be as basic as setting aside a couple of hours at the end of each month to balance the checkbook, pay bills, file papers and evaluate your spending plan. If you have a computerized money management software program, it will probably take less then one hour. The Extension publication *Household Account Record*, MP171, can be used to help plan and organize your personal finances.

Set aside one place where receipts, bills, cancelled checks, etc., have a "home." It can be a file cabinet, a cardboard box, an expandable plastic folder or one desk drawer. Office supply stores have a variety of items that can be purchased inexpensively to help you organize your financial paperwork.

If one management system does not work, try to analyze why and change it. Then try again. Both partners need to be involved in developing a workable system. If they are not, the system will likely break down since they do not have a commitment to making it work.

Basic money management skills can help build a secure financial future. Write down all of your income and expenses. Develop a spending plan and stick to it. The best way to meet financial goals and avoid ending up with "more month than money" is to have a plan. Real power in financial management is in planning. Responsible, mutually created careful money management gives you peace of mind, reduces money-related stress, helps you prepare for emergencies and paves your way to achieve life goals – including the feelings and dreams that prompted you to be a couple in the first place.

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).

You have just completed *Money, Manipulation and Power*, FSFCS206.

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

Financial Smart Start for Newlyweds: Introduction, FSFCS200
Understanding and Sharing Your Financial History, FSFCS201
Debt in Marriage, FSFCS202
Realistic Expectations About Expenses and Income, FSFCS203
Creating and Sticking to a Budget, FSFCS204
Credit and Overspending, FSFCS205

Printed by University of Arkansas Cooperative Extension Service Printing Services.

DR. JAMES P. MARSHALL is assistant professor - family life and **LAURA CONNERLY** is instructor - family resource management, University of Arkansas Division of Agriculture, Cooperative Extension Service, Little Rock.

FSFCS206-PD-5-08N