

## Experts: Newlyweds should discuss money early

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By IEVA M. AUGSTUMS / The Dallas Morning News

First comes love.

Then comes marriage.

But before you even think about pushing a baby carriage (or merging your bank accounts or buying a house or combining your health insurance), it's important to have that money talk with your spouse – for better, not worse.

"Newlyweds, they have this ideal, this picture of what marriage is like, something similar of their favorite memories growing up," says William Taylor, a financial adviser with Carter Financial Management in Dallas. "If only it were that simple."

Getting married is exciting, but it brings many challenges. Many people have trouble talking about money, because money usually represents more than just dollars and cents, experts say.

"Many are unaware of the emotional load associated with money," says Olivia Mellan, author of *Money Harmony: Resolving Money Conflicts in Your Life and Relationships*. "Everybody has money secrets because people believe it's taboo to talk about money."

While financial planning is often the last thing a couple wants to think about, if you begin early, the payoffs can be big later. Yes, love may be able to conquer all. But remember, in order to achieve financial stability, you must act with your head, not just your heart.

### **How newlyweds can work on finances, avoid fights**

When Robey and Amy Canaday talk about their finances, the Dallas newlyweds don't always see eye to eye. "I'm not afraid to tell her that she's spent too much money," says Mr. Canaday, 26. "If I go over, you make it work," interjects Mrs. Canaday, 25.

"What we do is we don't get mad at each other. We talk about it and then figure something out," Mr. Canaday continues. "You can always shift around the budget categories and make things work."

If that conversation sounds familiar, you're not alone. Money and marriage create a double dose of emotion – so much so that many couples don't talk about money until it becomes a problem.

"If you fight about money, that's normal," says Howard J. Markman, a professor of clinical psychology at the University of Denver and vice president of Love Your Relationship Inc., which runs workshops for couples. "What's important, however, is to make sure the fight is not about some underlying issue."

Financial planning professionals and couples have identified several strategies that can smooth out or even eliminate many of the trouble spots that commonly affect newlyweds.

### **Talk values**

For starters, talk. That means exchanging full and complete financial information, including everything you own (assets) and everything you owe (liabilities). Also share your financial history and phobias. Were your parents tightwads who cut coupons and bought the off-brands, or did they just go to the store and shop? Was your allowance a weekly entitlement, or did you have to work for it?

"Talking about your childhood and how your parents handled money says a lot about you," says Olivia Mellan, author of *Money Harmony: Resolving Money Conflicts in Your Life and Relationships*. "If you identify issues, you can begin to work out solutions."

One thing, however, is inevitable. When it comes to money, opposites attract. "Savers like spenders, worriers like avoiders, and planners marry dreamers," Ms. Mellan says. "Even when they don't attract, they will eventually be created."

So if two people are both spenders? "They will fight for the title of 'super spender,'" Ms. Mellan says. The best way to make sure you don't spend too much money is to create a budget.

### **Spending plan**

"Know where you are today," says **Jimmy Perryman**, a certified financial planner with Perryman Financial Advisory Inc. in Dallas. "It's essential to know how much your take-home income is, how much it costs you to live, and how much you have left after necessities."

Creating a spending plan is easy: First, look at all your assets and liabilities (the ones you've discussed openly with your partner). Then examine what you've spent in the past and discuss ways you can cut expenses to meet your goals for where you want your future assets and liabilities to be.

The Canadays, who married in November, spent an afternoon creating a budget. "It helps us see what we have and where our money is going," says Mr. Canaday, an assistant golf course superintendent at Stonebridge Ranch Country Club in McKinney. "By no means have we been perfect when it comes to our money," adds Mrs. Canaday, an account executive with public relations firm Publicis Dialog in Dallas. "You learn from your mistakes. We are learning."

As the Canadays finalized their spending plan, they also discussed their financial goals. Creating a list of short-term goals (paying off wedding debt, a new car) and long-term goals (buying a house, having children) helps prioritize your spending needs. For the Canadays, remodeling their Lake Highlands home is a short-term goal. Saving money for their retirement is among their long-term goals.

Young newlyweds would be foolish not to start saving immediately for retirement. If you start early, you have to put away much less each month than you would if you start later.

Most young people realize they shouldn't count on Social Security or pension benefits helping them in retirement, so the onus is on them to save aggressively. The most popular savings vehicles are 401(k)s accounts through work and Individual Retirement Accounts, both of which set aside pretax income, and Roth IRAs, where you save money you've already paid income tax on.

"What's important with money and how it is used is how it needs to be mutually satisfying, much like sex," Dr. Markman says. "It's important that both parties involved are satisfied with the results."

### **Merging money**

No matter how couples work out dividing their expenses, partners may be better off when they maintain some financial autonomy.

"I don't believe that all money should be merged," Ms. Mellan says. "All men and women need some separate money." Ms. Mellan recommends that couples maintain a joint account for shared household expenses and joint savings goals but also keep their own personal accounts. That way they avoid feeling like they have to explain their every purchase, she says.

But that philosophy only works for some. "We talked about having separate accounts, but we're not going to do it," says Mrs. Canaday, who tells her husband if she spent more than \$50 on any one item. "It just causes this question of doubt."

It is, however, a good idea for each person to contribute to his or her own retirement account. It may also be best for a two-income couple to keep their individual health plans. Adding a spouse to a plan may raise your premiums by more than what the spouse was paying. The Canadays decided to keep their own plans. Mrs. Canaday's benefits are far better than what Mr. Canaday's plan can offer. "Once we get into the multi-person family, then we will re-evaluate," Mr. Canaday says.

### **Emergency fund**

It's also a good idea to expect the unexpected. Establish an emergency fund equal to three to six months of living expenses. You never know when you'll need car repairs or experience a prolonged illness, says William Taylor, a financial adviser with Carter Financial Management in Dallas.

"When I was in college, if I had anything in my pocket that was green, I was ecstatic," Mr. Taylor says. "You are not used to having anything extravagant. Live within your means and be prepared."

### **Getting off to a good start**

Financial experts offer these suggestions for newlyweds:

**Talk** about your financial history and attitudes. Were your parents big spenders or savers?

**Decide** whether to merge checking accounts. Each method has its pros and cons.

**Set** long-term and short-term goals. When do you want to retire?

**Create** a spending plan to achieve those goals. Agree that it's crucial to meet the plan each month, and work hard to make it happen.

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