

Financially Compatible? Purchase Appliances Together



Couples with similar money scripts grow or destroy their net worth at an exponential rate. I don't require fancy academic or empirical backup to make the statement. I possess close to 3 decades of face-to-face meetings with couples to review their money habits and provide financial planning guidance. Couples that share similar philosophies about debt, savings and investing are a synergy to wealth creation or they're the death of it. It doesn't matter if both are strong wage earners or if one remains home to care for children. In other words, household income isn't as relevant a factor; the highest and best use of the net income or the utilization of household dollars, whatever level they are, is critical. **Those who can allocate (or in some cases, misallocate) funds and mutually agree on the flow of their funds are likely to stick together through thick and thin, rich or poor.** Not to be morose, but it's to the point where I can predict with respectable accuracy who is going to meet their forever marital obligations. I'm not a relationship expert by any stretch of the imagination. However, I do know that financial stress in a marriage can be toxic to its health. The question is ? how do you define stress? I understand couples who experience financial distress are more likely to part ways. However, two people together aligned as profligate spenders or passionate savers, in my experience, tend to stick it out. According to Brad T. Klontz, Psy.D., CFP® & Sonya L. Britt, Ph.D., CFP®, money scripts as coined by Brad and Ted Klontz, are the core

beliefs about money that drive ongoing behavior. Money scripts are unconscious beliefs about money formed in childhood, passed down from generations. They may develop in response to an emotional charge or impact such as parental abandonment, devastating macroeconomic episodes like the Great Depression and the lingering impact of significant financial losses. I'll add lack or volatility of household financial security. Also, I'll add embarrassment to the list. As I pre-teen it was embarrassing for me to use food stamps when purchasing groceries for my tiny household. So, how do you know as a couple if you're *fin-patible*? Or financially compatible? **Go appliance shopping together to understand a partner's money makeup.** It's amazing what can be learned about each other just from something as ordinary as purchasing appliances. Those who follow a money script driven by status may select the top of the line washer and dryer equipped with the latest bells and whistles and not place a priority on thrift. Partners driven by practicality and value may select a simple set that does the job with less buttons and dials, and of course with focus on price. I've witnessed how status seekers and partners thrilled by thrift after years together can unknowingly fester a deep-seeded resentment. For example, the status seeker perceives spending on lavish gifts and a comfortable lifestyle as a display of care or nurturing. The thrifter of the two, the partner who tempers expensive purchase decisions, seeks cheaper alternatives or requests less expensive gifts, may be perceived as rejecting the love of the status seeker. If conflicting behavior goes on for long periods and not discussed, eventually one or both partners grow dissatisfied and give up on the relationship entirely, especially if one is always giving in to the demands of the other. Couples who talk it out, respect each other's money scripts, and find a blend of value and style, nip bad feelings in the bud. Discussion diffuses the situation. Compromise goes a long way to meld differing money behaviors. You see, money scripts aren't easily classified; they're not black and white, they're an emotional soup of past experiences including fears and insecurities that emerge in present decisions. So, next time you're both in Best Buy scoping out a new fridge, look for key differences in the financial approach to your purchase. Whether you're a deep saver or big spender, be receptive to the manner you're treated if your partner disagrees with your money DNA. The couples who endure are the ones who find a working medium or a hybrid DNA strategy. The key is to watch for language of judgment and money behavior that jeopardizes the current situation or the health of the future household balance sheet.

Want to score? Get naked. Credit score naked, that is. One of the worst fiscal violations I've witnessed is how credit is misused in a relationship which causes one party's credit score to falter. I have seen otherwise smart individuals allow a partner to use their credit and turn a blind eye to misuse. Until it's too late and they're in a hole financially ? spending years paying back big debts. **Never** permit a loved one, including a marriage partner to take advantage of your available credit and perhaps ruin your credit score. It's not a matter of trust; it's a matter of control. You must be the steadfast gatekeeper of your available credit and scores. If it's true love, the discipline will be appreciated. If you do share credit, make sure to carefully examine all credit card statements and access credit reports annually for free at www.annualcreditreport.com. Once a year it's smart for couples to pull their credit reports and check for discrepancies. **If you don't regularly discuss money matters, you may end up in divorce court.** Lack of communication is a couple killer especially when it comes to life-changing financial decisions or big purchases. It's ok if you fail to mention lunches or an occasional discretionary purchase. When it comes to large expenditures like expensive durable goods or making big decisions that may affect both parties like a new job offer or decision related to retirement, it's best to share all relevant information with a partner or spouse before moving forward. Even if it's a wise decision, the action of sharing and receiving feedback is crucial to the health of a relationship you cherish. Before financial decisions bigger than \$100 are executed, think twice and open up beforehand. Take to heart information shared through open dialogue. Get an objective third party involved in the mix to listen to both sides and weigh the evidence, if needed.

•Write your Personal Money Philosophy and share it with partner. If you've never formally considered a money philosophy, consider it now. Again, you do have one; your money DNA has been with you since youth. Let's expose it to paper. It was formed by your parents, friends, and other outside influences. Share the details of this exercise with your partner,

yet work on this project alone. The end result is a few sentences that spell out sincere reflection about your ongoing relationship with money. Here are a few shared with me:

?I've been afraid of debt for a long time and feel compelled to pay off debts quickly. My parents taught me to not dig a hole I can't climb out of and I've always been that way.? ?I always make sure to have money in an emergency fund. ?I try to save at least 5% of my salary in my 401K.?

These statements don't need to be pretty, they need to be real and reflect your values about finances. Consider fun yet money awareness exercises for couples like the card game available at www.moneyhabitudes.com. •What an eye-opener when it comes to disclosing and understanding your money personalities. Financial compatibility is crucial to reaching goals like retirement or at the least, happiness, however you define it. Who would have thought appliance shopping could help couples gauge how fiscally aligned they truly are?