



NATIONAL RESOURCE CENTER *for*
HEALTHY MARRIAGE *and* FAMILIES

Strong Families:

Tips for Healthy Financial Management



I can tell you without a shadow of a doubt that money affects a relationship more than anything else. “M” just does not stand for marriage, it also stands for money.

Suze Orman¹

Financial management is the process of wisely budgeting, spending, saving, and investing the money you earn.² Managing money is an important part of being in a relationship. Finances can affect the health of your relationship. For example:

- When you and your partner want to spend money in different ways, it can lead to disagreements.
- Consumer debt and financial problems (such as credit card debt or payday loans) can cause stress and increase conflict.
- Not using mainstream institutions, such as banks or credit unions, may leave you and your partner at risk if something unexpected happens, such as losing your wallet.

Healthy financial management in a relationship involves learning how to spend and manage your money wisely, using communication and conflict management skills, and building and maintaining a strong foundation of trust with your partner. Couples who communicate openly about money, have little or no debt (or who are actively working toward paying off their debt), and don't spend more than they earn tend to be happier and more

Where does the money go?

Try saving all your receipts for one month. At the end of the month, sort the receipts into categories like groceries, gas, eating out, entertainment, or clothes shopping. Add up your spending in each category to get a better idea where your money is going. Couples should do this separately and then discuss their spending habits. Knowing where the money is going is a great first step to deciding as a couple where you would like to make changes to improve your financial future.

stable in their relationships. Couples who struggle with financial issues often have increased stress and tension in their relationships.

Tips for Healthy Financial Management

- **Identify money habits and attitudes** – You and your partner will be more likely to handle financial discussions and conflicts in healthy ways if you both have a good understanding of each other's habits and attitudes towards money.
- **Prioritize spending and live within your means** – Living within your means requires that you spend less than you earn. To do this, you need to sit down with your partner to discuss your household's needs (what is necessary) versus wants (what is desired).

- **Track and reduce expenses while following a budget** – Start by first carefully identifying all expenses you and your partner spend in a specific period of time (such as a week or month). Then try to find ways you can reduce expenses.
- **Avoid debt and manage loans wisely** – Choose credit cards with a low interest rate when possible. If you have debt from credit cards or other loans you owe, try to pay a little extra each month on the card with the highest interest rate.
- **Build good credit** – Paying bills on time is very important because it will help you build a credit history with a good credit score. The better your credit score, the more likely banks are to loan you money when you need it. They will also offer you a better interest rate since a good credit score lets them know you are low risk and will pay on time. You can check your credit score for free at www.CreditKarma.com.
- **Get banked** – Open checking and savings accounts. A bank account allows you to have your paycheck directly deposited. You don't have to pay for check cashing or worry about your cash being lost or stolen. You can even pay your bills online through many banks. Think about getting a safety deposit box because, for a small fee per month, you will have a safe place to keep your important documents like birth certificates and Social Security cards. Having an account also builds a relationship with the bank.
- **Avoid payday lenders and pawn shops** – Payday lenders and pawn shops charge high fees that multiply quickly if you miss a payment. Pawn shops seldom offer what an item is really worth and will gladly resell your treasure for a profit if you can't pay back the money on time.
- **Have an emergency fund** – Try to develop an emergency fund for both small and large unexpected expenses. For example, you can set up a system for saving a portion of each paycheck to put toward an emergency fund.

Visit www.MyMoney.gov for free budget worksheets, money quizzes, and other tools to help you better manage your finances.

This way, you won't be stressed when a family member gets sick or your car breaks down because you will have put money aside just for these situations.

- **Ask tough questions and set goals** – Sit down with your partner and discuss questions such as, "What would our lives be like if our finances were in order?" Talk about different goals you can set to help work toward that future. Start with small goals like writing down your household monthly budget. Then work toward saving for your emergency fund or paying off a specific high-interest loan.

Everyone needs to know how to manage money. Learning good financial management skills can help you and your partner build a happier and more stable life together. By following these tips and discussing healthy financial management practices with service providers, you can learn and develop the skills that will help you and your partner be happier and more prepared to deal with times of stress. ■

SOURCE: Adapted from Harris, V. (2014). *Tips for service providers: Healthy financial management skills*. Fairfax, VA: National Resource Center for Healthy Marriage and Families (Product #074). Available at <http://tinyurl.com/providers-fm-p>

NOTES

- 1 eHarmony. (2014). *Suze Orman: What I've learned about love*. Available at <http://www.eharmony.com/dating-advice/about-you/suze-orman-what-ive-learned-about-love/#.VAy5ecVdXS4>
- 2 Marshall, J. & Vann, N. (2014). *Financial management mini-course*. Fairfax, VA: National Resource Center for Healthy Marriage and Families. Available at <https://training.HealthyMarriageandFamilies.org>

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