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## Compromise a vital component to couples' financial life

By KATHY CHU  
USA TODAY

If you have serious hopes of achieving financial peace with your partner, keep this in mind: Compromise is the most vital ingredient.

The first step toward compromise is simply to talk with each other about your finances. Trouble is, for reasons that baffle and confound financial planners, couples often spend more time planning their annual vacations than they do discussing their long-term financial goals.

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Even couples who do talk tend to minimize their problems and exaggerate how well they're managing their finances. Major problems tend to include spending more than you earn and anointing one person the financial czar in the household, while the other person relinquishes all control.

What to do? First, acknowledge your problems. Not doing so can be an "absolute barrier to making progress on the road to financial security," says Greg McBride of Bankrate.com, a personal-finance site.

You also need a plan of action. A survey the Financial Planning Association conducted for USA TODAY this spring found 60 percent of planners say the most valuable move couples can make to improve their financial lives is to set specific goals, such as socking away a set amount each month for retirement and the kids' college education.

That's critical, because, "How do you know you're on the right path unless you know what the destination is?" asks Dan Moisand, president of the FPA, whose members include about 27,000 planners. "It's particularly helpful if you're both trying to get on the same path," because this will make it easier to reach your goal.

Some major financial issues that trip couples up and how to resolve them:

### COMMUNICATION

Have regular meetings, whether each month or twice a year, to discuss your goals and update each other on your progress.

Money is a touchy subject. It might mean financial freedom to one member of a couple -- the one who runs out to put a down payment on that spiffy Porsche Boxster the moment the year-end bonus arrives. And it can mean security to the other partner -- the one who pulls as much money as possible from each paycheck and directs it into a savings or investment account.

Find out where your partner stands. "The more couples discuss things and try to

understand each other's perspective, the more they respect each other," says Bill Ramsay, a financial planner in Raleigh, N.C. "The more they respect each other, the better their relationship works and the better their finances tend to go."

Financial compatibility isn't necessarily about having the same spending habits; rather, it's about being able to accept differences in each other's approach to money and to work together, says Diane McCurdy, author of "How Much Is Enough? Balancing Today's Needs With Tomorrow's Retirement Goals." Crafting a budget should accommodate the needs of both partners, even if one is mostly a spender and the other a saver.

One piece of good news: Most couples already talk to each other before making major purchases. Among those living with, or married to, another person, 96 percent generally do so, according to a March USA TODAY/CNN/Gallup Poll.

### **TOO MUCH DEBT, TOO LITTLE SAVINGS**

The general wisdom is that your housing expenses, such as rent, mortgage payments, property insurance and property tax should not exceed 28 percent of your gross income. These costs and other debt payments -- such as on credit cards -- should be no more than 36 percent of income.

For savings, try to put away 10 percent to 25 percent of your gross monthly income, increasing the percentage as you age and approach retirement, advises financial services company TIAA-CREF.

Unfortunately, credit card debt has become a way of life for many couples who use plastic to spend more than they earn. This "disconnect between spending and income" leaves "little room for saving or flexibility," McBride says.

The top areas where men tend to overspend are on high-tech gadgets, sports events and equipment, according to the FPA survey. Women tend to overspend on clothing and kids, the planners say.

Stop the debt cycle by paying yourself first. Direct a portion of your monthly paycheck into your retirement account, children's education account or even your personal travel fund. Step this up whenever either of you gets a raise.

You can make your financial lives easier by automating bill payments, too. The mortgage, student loans and credit card bills will automatically come out of your account every month.

You won't miss money you don't see. And you won't have to whimper about that \$39 late charge you got hit with for sending in your credit card payment one hour past the deadline.

**Originally published May 8, 2006**

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