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How to love, honor--and avoid bankruptcy

by HOLLY LEBER
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Money can't buy love, as the Beatles told us, but it can sure as hell tear it apart. Fortunately, for all the love-struck out there, it seems the chances of having to pick up the pieces of your broken romance can be greatly reduced by, above all else, paying careful attention to the C-word: Communication.

Lack of communication is the main reason why any relationship will fall apart. Money might not seem like the sexiest thing to talk about with your sweetheart, but divorce court and screaming "The Coldplay CD is mine, you idiot!" isn't very sexy either.

"People go into [marriage or the equivalent] with rose-colored glasses on," said Adryem Ashley, author of "Every Girl's Guide to Her Future Husband's Last Divorce." "The sex is amazing and they don't know that it is going to change."

The key to keeping things blissful in the boudoir might be keeping them copasetic in the checkbook. "Money can be a bridge to deeper intimacy and almost an aphrodisiac because it leads to increased trust," said Spencer Sherman, founder of *financialintimacy.info*.

Here are some tips for you and your special someone before you walk the plank of that dher big C – commitment:

1. Be Forthcoming

Kindness might trump honesty in some cases, but not when it comes to talking finances with your potential spouse.

Sharon Kedar, co-author of "On My Own Two Feet: A Modern Girl's Guide to Personal Finance" suggests sharing your credit score with your partner, along with a list of what you own and owe. "If you're willing to take your clothes off in one way," she remarked, "you should also be willing to get financially naked."

But the cash conversations don't have to be a downer. Talk about your bank accounts over a bottle of wine, or even under the covers. "You talk about everything else," said Sharon Epperson, personal finance correspondent for CNBC, "parents, ex-boyfriends, your first kiss – talk about your credit score and your spending habits."

2. Come up with a plan of attack and stick to it

Love is a battlefield, so make sure you and yours don't wind up in enemy camps by stubbornly holding to a narrow set of financial tactics. There is really no wrong way to handle your finances as a couple, but however you decide to do it, the key is coming up with a plan together. And what works for your brother might not be the best method for you.

"It's highly personal," said Kedar. "It's like asking your girlfriend what's the best pair of jeans."

Take bank accounts. There are three major approaches to banking for two: Together; separate; or yours, mine and ours.

Experts have mixed opinions as to which is the best way. Lee Rosen, a family law specialist from North Carolina said. "Intertwine everything and work together."

Conversely, Sherman advocates the hybrid. He believes it's important to have some money of your own to use without answering to anyone else. "Just because you're coming together, doesn't mean you're not two individuals."

Ashley pointed out a pragmatic reason for maintaining at least some separate finances. "We are an extremely litigious society. If he gets sued, and his accounts are drained, they can only get to one of you and half of your family finances are safe."

Once you've decided where your money will live, figure out how to handle bills in a way that is fair and satisfying to both people. This can mean deciding on a percentage of each partner's income that will go into a common account and paying bills out of that, splitting up the actual bills, or having one person pay bills and the other contribute to savings.

And do recognize the value of unpaid work or low-paid work, Zimmerman reminds. Being a stay-at-home parent is still work. And being a teacher is just as valuable as being an investment banker, though the latter certainly gets a higher paycheck. Avoid power struggles by making it "more about life energy, less about money," she said.

3. Think Practically

Once you've decided just how you are going to deal with day-to-day finances, before the honeymoon lingerie hits the floor, it's time to think about the future – like how your spouse's credit history will affect your mortgage rate, saving for your kids' college tuition or your retirement plan.

"Understand what each brings to the table...assets or debts," said Mike Benoit, managing director at Chicago-based investment consultancy DiMeo, Schneider and Associates LLC. Talk about tax issues and figure out what the best medical coverage plan is. "Begin to lay out a game plan for retirement," he said, along with a method for the monthly budget.

Harrisburg, Penn.-based financial advisor Doug Charney advocates contributing regularly to your 401k, your IRA (Individual Retirement Accounts) and a growth mutual fund toward a house purchase. The key to reducing money-related relationship woes, he stresses, is to do it as a team.

4. Protect Yourself

Things may be wine and roses today, but somewhere down the line your fine romance could turn into the movie "War of the Roses." So in case things go south, it's important to protect yourself.

A prenuptial agreement might seem like the most unromantic thing in the world, but it can save a lot of screaming matches later on. Writing out a prenup is also a good opportunity to discuss money.

"It's an excellent way to start fresh," said clinical psychologist Nancy O'Reilly. "Anything accrued during the marriage is common, but people should be able to walk away with what they come in with."

There are risks in every great step taken, but risks can be managed. Debt is a major factor to consider. Kedar recommends not consolidating pre-relationship debt, and having a credit card that is in your name only.

If one of you is not working, set up a spousal IRA. That way the non-working partner will still have tax-deferred monies going toward a personal retirement fund.

The prenuptial discussion is especially important if there is income discrepancy, said Ashley. "You run into 'you're going to leave me high and dry' and 'you're going to divorce me and take all my money.' You don't want to have those discussions at the end of your relationship when you hate each other."

And prenups don't only have to cover money plans. Especially for young professionals working long hours to make good impressions, Ashley suggests including scheduled conjugal visits in the document. Maybe planning for the future can be sexy after all...

5. Talk to a financial advisor

Inasmuch as you lovebirds might want to figure out everything on your own, it might be better for you to admit you don't quite know what you're doing.

This does not mean asking your parents how you should handle money in your marriage or equivalent. "When in-laws get involved in personal affairs of children and spouses, that can create a whole set of issues," said Rosen.

So seriously consider sitting down at least once, as a couple, with a financial advisor. An unbiased, professional third party can be invaluable to planning for your life together.

Ultimately, how you choose to handle your finances really is an individual choice, no matter what the guys on the golf course, the ladies who lunch, or your mom might say. But talking about it together is key.

Finally, remember that while mishandling your finances and not communicating about it can lead to disaster, it shouldn't rule your world completely. "Money is just part of our life, it's not the whole thing," said Sherman. "Money puts food on the table, but it doesn't create happiness."