

All couples should discuss their finances early on

By Nancy Trejos

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WASHINGTON -- Alezandra Russell and James Guzman immediately bonded when they met at a barbecue in May 2004. Both grew up in suburban Maryland. Both have Latino parents. Both love to travel, go to the theater and eat out.

It became clear, however, soon after they got engaged in August 2004, that they were completely different in at least one way: their finances. Russell, now 26, was paying off student loans and credit cards and renting an apartment. Guzman, 35, had no debt and owned a house.

Since getting married two years ago, they have had many discussions -- and disagreements -- about money.

"I overspend. I really don't budget that well," she said.

"I'm just a little bit more disciplined when it comes to that," he said.

Money is the last thing couples want to talk about when they're falling in love. But it's one of the first things they should discuss when planning their lives together, experts said. That's because modern relationships have become so complicated. No longer are there defined financial roles, with the husband as breadwinner and the wife as homemaker. These days, there are many more two-income households, and the man isn't necessarily the one making the most money. There are also more financial pressures, what with so many households overloaded with debt and with the economy taking a turn for the worse.

People are increasingly considering a potential mate's finances before committing to a relationship. In a Money Management International survey released last week, 70 percent of the 1,049 respondents said they consider financial savvy an important trait when searching for a mate. Fifty-eight percent said they consider financial security more important than a person's looks, though it was women driving that phenomenon. (Men were still more inclined to consider looks more important than money.)

Once couples commit, money doesn't become any less of an issue.

"Money is one of the top three common sources of conflict that brings couples



into therapy," said Karen Osterle, a licensed psychotherapist in Washington. "In fact, some people find it easier to talk about sexual matters than they do about money."

Therein is the problem, several financial advisers, counselors and therapists said. America has become a society in which people openly dissect their sex lives but are reluctant to discuss how much money they make or how much debt they have.

Experts say people need to realize that when they cohabit or get married, they are not only entering a romantic relationship, but also a financial partnership. Many decisions need to be made. Should they have joint or separate bank accounts? Which credit cards should they apply for? Who should pay the utilities? How should they divide the rent or mortgage? How much should they set aside for retirement? When should they start saving for their children's educations? "The couple that plans together is much more likely to stay together," Osterle said.

There are no uniform answers, experts said. One couple might be comfortable having separate bank accounts, while another is not. One couple might want to buy a house; another might be happy renting. Either way, each couple has to come up with a plan. If left unanswered, these questions can cause tension, or worse, destroy a marriage. A GfK Roper poll, commissioned by the Web site Divorce360.com and released last month, found that money was one of the main reasons people get divorced, second only to verbal or physical abuse.

Financial differences can become even more pronounced in a weakening economy. "What comes out more strongly is that not having enough money to pay all the bills during the month is a huge source of couple distress, and for couples who are living together, it makes them less likely to get married, and for couples who are married, it makes them more likely to get divorced," said Pamela Smock, a sociology professor at the University of Michigan who has interviewed about 300 couples.

Several therapists in the Washington area said many couples have recently started seeking financial advice.

"I think people have been lulled into living beyond their means, and so they're overextended and that makes them feel unsafe now that things don't look as rosy," said Elizabeth Sloan, a professional counselor in Maryland. "That feeling of not being safe then drives their fears, and everything that their partner does regarding money is now under scrutiny."

Jill Foster, 37, and Sean Stickle, 35, of Washington, credit premarital counseling with helping them avoid huge arguments over money. Recognizing the consequences of not talking through their financial future, Foster insisted on

having a frank discussion with Stickle before marrying him eight years ago.

"I said something like, You know what, Sean, I know it's about happiness and love, but in addition to that, we need to talk long-term about money," Foster said.

Stickle, a computer programmer, was happy to relinquish most of the financial authority to Foster, a consultant for nonprofit organizations. He admits he's profligate with money when it comes to buying books. He has also, he said, failed to pay a gas bill from time to time, not because he didn't have the money but because he simply forgot.

"She is the financial manager of the family, and to the extent that we are financially secure, it is all her doing. I contribute mostly by not screwing it up," he said.

Therapists, counselors and financial advisers said opposites attract when it comes to money. Impulse buyers often end up with savers. "When we partner, when we mate, we look for someone who represents the other side of the emotional coin," said Marty Tashman, a counselor based in Somerset, N.J., who has treated many couples who feud over money.

That can wreak havoc on a relationship unless couples learn how to communicate in a respectful manner. That means not accusing your partner of being a financial disaster when he or she makes a poor decision or has more debt than you do. It also means being considerate when you're the partner with the higher income, and allowing your spouse to have a say in financial matters. Experts advise coming up with a household budget together and having regular money meetings. One partner can be the financial manager, but both have to have input.

"For women, if they make significantly less money than their husband, especially if they're not openly discussing it, it can create difficulties in terms of decision-making and who has more input in financial decisions," said Susan Fago, a licensed clinical social worker in Washington.

When the woman makes more than the man in the relationship, "that has its own set of problems," Fago said. "In our culture, men are expected to be the providers, so it takes a very mature and open supportive relationship for people to be able to deal with those issues."

The bottom line, she said, is that the "ability to generate income is part of our self-esteem and sense of worthiness, unfortunately."

Russell often wonders if she should get a higher-paying job. She makes \$32,000 a year as a parent educator at a nonprofit youth center. She has also

taken a part-time job as a nail technician. Guzman, her husband, makes more than \$100,000 as the owner of a commercial cleaning business.

He covers the mortgage on their Silver Spring, Md., house, sets aside money for their emergency fund and finances their frequent weekend trips to Miami or jaunts to Mexico. She pays utilities and any costs associated with their dogs.

Russell could be making more money doing other work. But she loves her job, so Guzman is willing to help her keep it. "I told her what you have to do is follow your passion," he said.

At times, Russell feels guilty about that, which, in a strange twist, occasionally makes her act out. "It's mostly me feeling like I'm not able to do as much, so I get frustrated, and I probably take my frustration out on him," she said.

Guzman and Russell have been honest with each other about their finances, which counselors and advisers said goes a long way. Too often, one partner hides his or her debt.

"You need to have full disclosure with your partner and be transparent with your finances," Tashman said. "Later on if it's discovered, a lie of omission ends up being the same thing as a lie of commission."