

Family Tapestries Strengthening Family Bonds



Fact Sheet

The Importance of Communication in Learning to Manage Money

Lois Clark, M.S., Family and Consumer Sciences Agent, Auglaize County, Assistant Professor,
Ohio State University Extension, The Ohio State University

How do you and your partner determine how money will be spent? Do you talk about money and decide together how it will be used? Or does one partner manage the money and make the decisions? While there is no one right way to manage financial resources, a person's values, goals, wants, and needs will determine how money is allocated. As a result of these factors, communication about money is important.

Experience

People learn about managing money by watching others manage money and from their own personal experiences with money. The first opportunity many have is to watch their parents manage money. If a person's parents managed their money by working together, talking openly about money, and making decisions together, then that person will be more familiar with that shared system. If in another family, the father managed the family's money, this person will be more familiar with a single-decision making system. The bottom line is that what people observe in their family of origin has an important impact on how they manage money and how comfortable they are in communicating about money.

Financial Knowledge

Knowledge in financial management may also play a role in how money is managed. If one partner has taken courses or spent time learning about financial management, then he or she may feel more comfortable managing the finances than the other who has not. That is not to say that both partners should not be involved in making decisions about resource allocation, just that one person agrees to take care of completing the bulk of the couple's financial transactions.

Communication and Money

For many married couples, money was not a topic of conversation while they were dating and planning their lives together. Couples may have mistakenly believed that financial issues were not an important aspect in their marriage. However, research reveals that marital satisfaction is influenced by financial factors—the more conflict over money, the less satisfied couples are (Kerkmann, Lee, Lown, & Allgood, 2000). Couples may also encounter challenges as they learn to manage their family's resources, such as debt and credit use, spending habits, dealing with low or reduced income, unexpected expenses and emergencies, and children's expenses (O'Neil, Xiao, Bristow, Brennan, & Kerbel, 2000).

Talking about Money

Because of the great variety of potential sources of conflict around money management, couples need to communicate effectively with each other about these issues. Communication may be difficult because of differences in how partners talk with and listen to each other. One partner may be able to talk freely and openly, whereas the other may find it harder to express wants and needs. One partner may be able to listen, while the other may not be a very good listener. To communicate better, couples should devote their full attention to each other, find a time when others will not interrupt, eliminate distractions by turning off the television or radio, listen, and try to see the other's point of view. Couples may find it helpful to ask questions or paraphrase what their partner says to clarify what was heard. Through open, honest communication and working together to resolve differences, couples can share their feelings and talk with each other about what is important to them.

Here are a few topics couples might discuss:

- How will the family's resources be managed? Will one partner take the lead or will both partners work together?
- How will the couple set up accounts? Will the accounts be in joint accounts or individual accounts (his and hers)?
- What life style would the family like to lead? What does the family enjoy doing?
- Will the couple purchase insurance? What types of insurance will the family purchase—health, life, property, disability, and/or liability insurance? How much insurance is necessary?
- How will the family invest money? How much risk are the family members willing to accept?

There are many other important topics to discuss. This list is just to give couples ideas. The process takes time and is not accomplished in a single conversation. Couples need to schedule regular times to openly discuss their feelings. Over time, each partner will develop a deeper understanding of what the other wants and values.

Identifying Goals

Once a couple has come to an understanding of their collective values, wants, and needs, they can better communicate to determine how they might accomplish their goals. In her book, *Saving on a Shoestring*, Barbara O'Neil states "when your goals are discussed with family members, written down and clearly described, you'll start finding ways to reach them and make a greater effort to save money for those things that are important to you" (p. ix).

Reaching Goals

After goals are identified, a couple needs to talk about how to reach their goals. What are the alternatives for reaching each goal? What are the pros and cons of each alternative? As a couple goes through this process, it is important to listen to each other's ideas. By thoroughly discussing the pros and cons, a couple will be better able to choose the best course of action.

Develop a Plan

Once a couple has determined how they will reach their goals, they should develop a spending plan. The first step is to discuss how much income they have and what types of expenditures they make. To make this determination the couple needs to track their income and expenditures. Some couples may feel this is tedious and may not want to account for every single penny. Others may decide it is important to have accurate information and track income and expenditures closely. Each couple

must agree on a method that works for them. After income and expenditures are determined, it is time to decide how resources will be allocated. Once again, open, honest communication is essential in making these determinations.

Implementing the Plan

After a spending plan is developed, a couple should now talk about implementing it. Talk about ways to spend and stretch the budget. Decide what methods will be used to make the spending plan workable. If there is not enough money for everything, then it will either be necessary to generate more income or reduce or eliminate some expenses—back to discussing alternatives.

Evaluating the Plan

Finally, a couple needs to take time to regularly evaluate their spending plan. Determine what is working and what is not. When communicating with each other about their budget, a couple should be careful not to criticize or blame one another. Instead, talk together, generate alternatives, and evaluate what might be changed to make the spending plan work better.

In conclusion, it is very important for couples to talk about resources that will be used to support their family. It is important to recognize there will be differences in wants and needs based upon what is important to individual family members. Because of these differences, it is important to listen to each other and determine as a team how to best utilize the resources the family has.

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