8 Money Questions Every Couple Must Ask

Adapted from Financially Ever After: The couples’ guide to managing money by Jeff Opdyke, WSJ

1. Do you have a basic understanding of money?
   a. Some of us are not naturally inclined to care about the minutiae of money. It’s ok! You don’t need to be financial experts to have a successful marriage. You do however need to decide who will take the lead with your family’s financial management (especially if neither of you really understands money) and how both partners can be included in financial decision making. You may need to seek outside help! Otherwise, you will likely find yourself fighting frequently about finances.

2. What is your money history?
   a. What did you experience as a kid? This is a big one. Imagine if Ebenezer Scrooge’s son married Paris Hilton’s daughter. It’s an extreme example, but can you see some obvious difficulties they would encounter due to very different financial upbringings.
   b. What are your first money memories?
   c. What was your first big purchase?
   d. What did money represent to you 10 years ago? 5 years ago?

3. What are your financial aspirations?
   a. This is a fun conversation! Financial aspirations may change over time. You may decide to ask each other this question at the start of each new year. Setting a goal to accomplish something each year financially can really bring you together.

4. What are your career expectations?
   a. There is no right answer here. Each relationship has its own dynamics. As with financial aspirations, career expectations may change over time. Communication is key and conversations may need to involve compromise for each partner to feel fulfilled.

5. What are your financial assets and liabilities?
   a. This one is fairly simple but sometimes difficult to ask. But if you’re about to tie the knot and settle down and don’t already know the answer to this question, it’s time to ask.

6. How do you use debt?
   a. There’s good debt and bad debt. Some things we incur debt for help us in the long run. Other things hinder our success. How would you use debt to be successful?
   b. Do you generally carry a balance on a credit card?
   c. What’s your plan for managing and paying off your debts?

7. Will we operate from one checkbook or more?
   a. Financial experts say there is no right or wrong decision here. Do what feels comfortable but don’t assume you know how the other person feels until you communicate.

8. How should we divide financial duties?
   a. Will one person be the gatekeeper who pays bills and reconciles accounts or will you tag team your budgeting process?
5 Tried & True Tips for a Successful Budget

1. **Live on 80% of TAKE HOME PAY**
   - 20% = Savings, investments (in addition to employer contributed retirement investments), charitable contributions
   - Everything else = 80%

2. **Tag-team Your Budget**
   a. **Budgeting 101:**
      i. You make X dollars a month (combined after-tax income)
      ii. You spend Y dollars a month on **fixed costs** (mortgage/rent, utilities, insurance, etc.)
      iii. You have Z dollars remaining (Z dollars = discretionary dollars)
   b. Decisions about how to manage **discretionary income** (money not already earmarked for the mandatory expenses of life) is what will set you apart as a couple who makes their money work for them or who are slaves to their money. To be successful you may need to **Make a Trade**. Here’s how:
      i. **Back-Track Expenses Together**—I have a love/hate relationship with tracking expenses. It really is the best way to get a clear picture of your day-to-day spending, but man is it annoying! Plus, it means you have to wait a month or more to track your expenses and see where your money’s going in which time you may lose interest all together in re-vamping your discretionary spending budget! Grrr! A solution that has worked for me as been to back-track expenses. Pull up your checking account history at your financial institution and categorize your spending for the last couple months. You may see you’re spending $6 a day ($180 a month) on fast food and decide you’d rather set that money aside for a vacation. What’s it worth to you? Do you need to **Make a Trade**?
      ii. **Hold Each Other Accountable**—Once you have a clear picture of where your discretionary income is being spent, set some goals together in areas you can improve and hold each other accountable. Reward yourself when you meet your goals!

3. **Keep Financial Autonomy**
   a. **Personal Allowance**: The last time someone talked to you about an allowance you likely had your sights set on bubble gum, baseball cards or cola-flavored lip gloss. I can remember spending allowance money on POGS, slammers, the Hansen ‘MMM Bop’...cassette tape, and giant chewy sweet tarts! Ode to the simple life!
      i. **How? Together** decide on a portion of your discretionary income (how much depends on what your budget allows) you may each spend each month on whatever you want. One rule: neither spouse can micromanage or criticize how the other spouse spends their personal allowance.
      ii. **Why?** Implementing a personal allowance can be a game changer. It’s freedom to spend within mutually agreed upon limits that won’t blow the budget and cause financial distress. No one has to be “the bad guy” who is constantly telling the other to stop buying things. The shopper can shop and the saver can save for bigger purchases, etc.
4. **Double Down on Debt**
   a. **Step Down principle**: Reducing expenses is a great way to find more discretionary income to put towards debt. A quick way to reduce everyday spending is to use the Step-Down Principle. When you think about spending money picture a staircase in your mind. The top step represents the most expensive way to make the purchase. Each step down is a slightly less expensive option; down to the bottom step, which represents the least expensive option. Ask yourself, “Can I step down one or more steps with this purchase?” Use the money you save towards extra payments on debts!
   
   i. **Example**: My husband and I LOVE going to the movies. The most expensive (top step) way to see a movie is in the D-Box seats, prime-time, new release, with popcorn, candy and pop! If we did that every time we’d blow through our date-night budget pretty quickly! What would a step down be? Skip the treats or sit in a regular seat. Another step? See the movie during a matinee time and skip the treats. Another? Wait for the movie to come to the cheap theatre or reduce the number of times we go to the theatre to see a movie. Another? Redbox a movie for date night and make homemade treats. Another? Find a Netflix movie we haven’t watched or rent one for free from the local library. Get the picture? |pun intended ;)

   ii. **NOTE**: I don’t recommend totally eliminating the things you love when you’re trying to reduce expenses. It’s discouraging, may cause arguments, and can lead to blowing your budget even worse. The Step-Down Principle helps us be aware of how we can do things within our spending ability and still meet our financial goals AKA paying down debt, FAST.

5. **Avoid Budget Busters**
   a. **Budget Buster #1: Annual, Expected Expenses.** Have you ever busted your budget because your auto registration fee snuck up on you? There are quite a few expenses that only come around annually. Here are some of the most common:

   - Auto registration
   - Annual scheduled car maintenance
   - New tires and brakes (as needed)
   - Car insurance premiums
   - Holiday, birthday, anniversary gifts
   - Pet wellness visits and vaccinations
   - Pet tag/licensing fees
   - Copays for annual physical, dental, eye exams
   - Life insurance premiums
   - Professional licensing/subscription fees
   - Warehouse club membership fees
   - Tax preparation fees
   - Annual home maintenance
   - Vacations
   - Subscriptions-Netflix, Amazon Prime, Newspaper, etc.
Solution: **Revolving Savings Account**: Make your own list, divide it by 12 and set aside 1/12 of the overall total each month in a separate account. Make it even easier by automating that payment from your checking each month so you don’t have to worry about it!

b. **Budget Buster #2: Girl Scout Cookies.** Have you ever busted your budget because your niece asked you to buy girl scout cookies, you bought secret Santa gifts for a family in need, you noticed someone close to you was ill and could use dinner, or a family member posted a Go Fund Me account to help with their adoption costs?

**Solution: 1% Fund**: Automate 1% of your paycheck into a separate account at your financial institution. It won’t seem like much and you won’t notice it’s missing like you would 10%. Over time it adds up and becomes the account you can draw on when you see someone in need and want to help. For us, it makes it less difficult and provides a way for us to do something we feel is important. We have strict rules about the 1% fund. It can only be used for situations like those described above and both of us have to agree before we use it.

**Question**: What are some other reasons to set aside 1% of your income?

**Answer**: Christmas expenses savings fund, vacation savings, back to school expenses, etc.

“The FINANCIAL PEACE of your spouse comes BEFORE ANY financial goal.”

–Amanda Christensen, Utah Money Moms