



FINANCIAL MANAGEMENT

“Thrift used to be a basic American virtue. Now the American virtue is to spend money.” —David Brinkley

THE CHALLENGES OF MONEY

The joining of two individuals is the joining of two different orientations to money. Our early experiences help shape our values about money. Money operates metaphorically in our lives, representing many other things such as security, nurturance, opportunity, trust, and the relationship between dependence and independence. Little wonder then that money is a major cause of conflict and a multilayered problem for married couples.

Setting Financial Goals Exercise:

Often goals are an extension of money orientations and should be considered together. The partner who is oriented to security is more apt to have financial goals around savings than the partner whose money orientation is centered around enjoyment. Create, discuss, and share financial goals in the Financial Goals exercise.

Creating a Budget Exercise:

Budgeting is the process of allocating expenses on a regular basis. Budgeting puts you in control of your spending—a process that can be very empowering in a culture where we are constantly enticed to spend money. One good way to create a budget is to keep track of everything you spend money on for 1-3 months, and then average your expenditures per category. Complete the Budget Worksheet as your workable budget, making sure to allot a monthly amount into ‘savings’.

The Meaning of Money Exercise:

In this exercise you will assess and then discuss your orientation toward money. The advantage of understanding your partner’s money orientation is you can then capitalize on and balance each other’s strengths.

A Word about Savings. The book, “The Millionaire Next Door” by Stanley and Danko (1996) illuminated the fact that the average American millionaire is self-made, most often living modestly, choosing to save at least 15% of their income and spending much less on material possessions. A high-profile spender, driving expensive cars and wearing designer clothing, often times has little investment or savings.

Only 19% of the millionaires surveyed received any of their wealth from an estate or trust fund, dispelling the popular myth that wealth is often passed down from previous generations. Saving allows a person to benefit from compounding interest and is key to any good financial management plan.