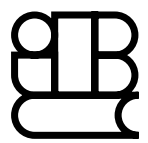




YOU PAID *HOW MUCH* FOR THAT?!

How to Win at Money
Without Losing at Love

Natalie H. Jenkins
Scott M. Stanley
William C. Bailey
Howard J. Markman



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Unless otherwise noted, the couples here are fictitious, or disguised, but the situations and issues are very real. The “realness” of these examples comes from our years of experience working with couples in research, workshops, and counseling. All identifying information has been changed. We thank all the couples who in varying ways have shared their stories, which have added to the richness of our understanding of the themes we write about here. We can all learn from each other.

The cartoons presented in the book are the work of our friend and collaborator, Ragnar Storaasli. Ragnar has conducted many research analyses with us in

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It has been many years since the four of us began talking about the possibility of this book. Bill has spent much of his professional life focusing on family economics; he saw the need for a book that could bridge the gap between materials designed to help couples build great relationships and those designed to help people manage money and wealth well. We are all grateful for his ability to see the need to help couples navigate the churning waters at the confluence of money and marriage. Bill would like to acknowledge the help through the years from his friends and academic associates who have taught him about financial matters, especially Tom Garman, Ray Fogue, Jean Lown, Flora Williams, and all his fellow members of the Association for Financial Counseling and Planning Education for encouraging him to work on this project.

Considering Bill’s background in family economics, Natalie’s background in business and consumer science, and Scott and Howard’s backgrounds in both marital social science and business, we believe we are putting into your hands a book that can work in deep and powerful ways in your life. But we never forget that we stand upon the valuable work, insights, and accumulated wisdom of many who have gone before.

To Shawn, for giving me the courage.
To Jessica and Peter, for giving me the reason.
To Scott and Howie, for giving me the opportunity
to make this dream come true.

—N.J.

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—B.B.

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Finally, I want to say to my coauthor, Natalie, "Congratulations,
this is the best book by a new author in the field that I have read!"

—H.M.

YOU PAID *HOW MUCH* FOR THAT?!



INTRODUCTION

What I Did During My Summer Vacation

Natalie H. Jenkins

They say life is the best teacher. I'm not sure if it's the *best*, but it sure did teach me some key lessons last summer. We went on a canoe trip down the Colorado River with some friends (Chuck and Vicky, Chris and Traci, and all our kids). Chuck had made this trip before, and he knew things we didn't. He gave us a training video on how to paddle a canoe. Shawn (my husband) and I didn't watch it. (I mean, how hard can it be to paddle a canoe??) We arrived at the river on a gorgeous July day, loaded up our canoes, and were ready to head out. We noticed that the other couples tied all their gear down to their canoes. We didn't—for one thing, we didn't have any rope, and for another, we didn't think we were going to be attacked by a band of canoe pirates who would steal all our gear anyway.

We headed out. During the morning, life on the water was great. We had a blast playing canoe Frisbee. We'd toss the Frisbee from one canoe to another, miss, try to back up, glide over to the Frisbee, and toss it again. We'd also come equipped with massive super-soaker squirt guns. The battles were fierce, and no one was ever dry for any length of time. These were memory-making times.

When the sun was high, we stopped for lunch. The kids played in the sand. Chuck tried to tell me a thing or two about paddling. He said, "Now Nat, the water is going to get a little rougher this afternoon. Here," he said, as he made paddling motions in the air. "This is how to make a J-stroke." At least, I think that

is what he said. I politely pretended to listen, but I was far more interested in getting my fair share of the chocolate brownies before the kids got to them.

So, after lunch, we headed out once more. Chuck was right. The water did get a little more exciting in the afternoon. We didn't need to use our squirt guns to stay wet. The river was quite helpful there. Then we stopped again. Chuck and Vicky hiked ahead to scout out the river. When they came back, they said there was a bit of rough water ahead and told us how to navigate through it. "Cool," I thought.

Chris and Traci went first. I watched them disappear down the river. Chuck and Vicky went next. Then it was our turn. Shawn and I were paddling along, and the water started moving faster. Then all of a sudden, "Oh, my GOSH!!! We are headed straight towards a waterfall!!!" I started desperately doing my J-stroke. We were still headed for the waterfall. Then I tried other letters. I don't think there is a K-stroke, but I tried it anyway. I'm pretty sure I tried the entire alphabet, but to no avail. That waterfall was getting closer. Then we saw a huge boulder in the middle of the waterfall. "OK, I am NOT having fun."

Shawn tried to go to the right of the boulder. I tried for the left. (Hint: when you're in the same canoe, it is helpful to try to go the same direction.) We managed to hit the boulder straight on. It spun us around. I prayed, "Oh God, please, oh please, I do not want to go down this thing backwards!!!" You know what? There really is a God who answers prayer. We did not go down that waterfall backwards. We capsized instead.

It was one of those slow-motion deals. Whoa-o-o-o-o-a-a-a-a-a, gl-l-l-u-u-u-g-g-g! Next thing I knew I was underwater, unsure which way was up. Then I was splashing around, desperately trying to find our ten-year-old son, Peter. Yep, our son had been in the canoe with us. I'd been in the front of the canoe, Peter was sitting behind me, and Shawn was in the rear. Fortunately, Peter *had* listened when Chuck told him important things like, "If the boat tips over, jump as far away from the canoe as you can so the canoe won't hit you." He'd jumped out of the way. Because Peter was in front of Shawn, Shawn could see where Peter was. He managed to grab Peter and push him toward me. I caught Peter just as I saw Shawn go under. I screamed, but I could do nothing for my husband. The whitewater had swallowed him whole.

I had hold of Peter, and we were headed down the river together. Peter was one scared little boy. I made a lame attempt to tell him everything would be all right—"It's OK, Peter. We'll be OK"—but he wasn't buying it.

We managed to avoid the other hazards of the river—boulders, fallen tress, our gear. It was kind of depressing to see all our gear floating down the river ahead of us. Yep, there goes our tent. Yep, that's your sleeping bag. Hey, that's my Diet Coke floating away!! I realized why everyone else had tied their gear to their ca-

noes. “Oh, God, if you’ll just let us get out of this river, next time we’ll bring some rope. Really, I promise.”

An incredibly l-o-n-g few minutes later, we kicked our way over to an eddy and dragged our scraped and bruised bodies out of the river. “Where’s Daddy?” Peter wanted to know. In my mind I replayed the image of Shawn going under. I didn’t know where Daddy was, and part of me was afraid he—no, I wouldn’t let myself think that. He would be fine. I heard someone say assuredly, “Daddy’s probably upriver getting the canoe.” I was surprised. That was me who sounded so calm. I managed to keep myself sort of together until I saw Shawn walking up the bank toward us. I could hardly see his smile through my tears, but I remember it as one of the most wonderful smiles I’d ever seen.

We looked around and discovered that our friends were on the other side of the river. Chuck paddled over to pick us up. He reached us and motioned for us to get in. Peter looked at me and said resolutely, “Um, I don’t think so.”

To wrap this story up, let me say that, thanks to our wonderful friends, no one drowned, we got most of our gear back, Peter is once again willing to get into a canoe with his mom and dad, and we’re making plans to go again next summer. And perhaps most important, I learned a few lessons about life.

Five Lessons for the River of Life

1. Watch the video.
2. Bring rope.
3. Head in the same direction.
4. Never take your partner’s smile for granted.
5. Get back in the canoe.

Lesson One: Watch the Video

I didn’t think I needed to learn how to paddle a canoe. I figured I could just hop in and do it. I was wrong.

Couples often make the same assumptions about both marriage and money. Think about it. Where did you go to “marriage school”? It sounds silly, doesn’t it? Our belief that we know all there is to know about marriage or money is so strong that it seems odd to think there might be more to learn. However, with the divorce rate near 50 percent and with 1.2 million bankruptcies in the last year, clearly we do have more to learn. The fact is that most of us learned neither relationship skills nor financial management skills in a direct manner from qualified sources. Most of us simply picked up bits of information from people who had good intentions but lacked expertise. Worse, some of us got advice that was downright wrong.

No one person on the planet knows *everything*. We are stronger when we learn from each other. In fact, that is part of the reason this book has a team of four authors. Howard and Scott are world-renowned marital researchers. They know their stuff. Bill's an expert in consumer science and personal finance. I have been making my mark with one foot in marital education and one foot in marketing and consumer science for over ten years. Combining our expertise from the various disciplines allows us to present to you a well-rounded and well-reasoned approach to marital and financial success.

This book is a great way to learn the ABC's (or J's) of money and marriage skills whether you're single, engaged, or married. Watch the video—or, in this case, read the book.

Lesson Two: Bring Rope

Maybe you're not too happy with your relationship right now, or you're drowning in debt. In that case, we'd love to help you make things better and then maintain your progress. Or maybe your relationship is everything you want it to be, and you're financially independent. That's great, but you have plenty of river ahead of you, right? Have you done all you need to do to protect what you've worked so darned hard to get? What are you doing—intentionally—to keep your love alive? What is your strategy for providing financially for your family? In this book you'll learn specific skills and techniques for cultivating romance, intimacy, and your long-term commitment to each other. We'll share with you the secrets for protecting your financial assets. We'll not only give you the inside scoop on insurance, wills, and safe investments but also show you how to steer clear of the “buy now, pay later” trap. Things you want to keep need to be tied down in some way. You need some rope.

In life, things tend to go from order to disorder. A car goes from clean to dirty, a new dishwasher that works great becomes an old dishwasher that leaks. Have you ever seen a house that's been neglected for a few years? It's not pretty. It's not that the owners *intentionally* meant to destroy it; it's just that no one intentionally meant to preserve it. That's what we believe happens both to marriages and to money. No one says, “It is our goal in five years to become completely apathetic toward one another, and we want to have at least \$50,000 in credit card debt,” but it happens to couples all the time. It happens not because couples plan for it to happen but because they fail to be intentional about protecting their love and their material assets.

Besides protecting yourselves from everyday wear and tear, you also need to prepare for life's unexpected challenges. Basically there are only two kinds of

canoeists: those who have capsized and those who will. It isn't a matter of *if* you will experience tougher times, it's *when*. You don't want to be bobbing down the rapids one day watching all of what you've built together over the years floating away. When you go through rough water, you could end up getting dumped over and losing everything (that could be life or relationship or possessions), or you could be adequately prepared for those times. We want to help you enjoy the good times—as our family did during the morning—but also be prepared for the afternoon.

Lesson Three: Head in the Same Direction

This point may sound obvious, but sometimes we humans manage to overlook the obvious. If you're in the same canoe, you're going to go wherever your partner goes. A single canoeist can head to the right if that's where he wants to go. But for a duo, if one heads left and the other heads right, you'll end up either going in circles or being smashed on the rocks. Regardless, you will do it together. Heavy debt, bankruptcies, separations, and divorce all demonstrate the reality that spouses are financially linked in life. Let's hope you won't need to experience such dire consequences to learn this reality.

Money is an essential in our society. Basic survival requires that we earn it, save it, and spend it wisely. But decisions as to how much money is enough and how to earn it, save it, and spend it wisely are choices that couples face *together*. One of our key goals in this book is to help you and your partner approach your money as a team.

We've found that most financial advice is geared toward individuals as if the "right thing to do" were a one-size-fits-all kind of deal. It isn't. Financial issues for couples are very different from the financial concerns of a single person. For couples, money isn't simply about dollars and cents. If you scratch the surface of almost any money issue, you'll find relationship issues intensifying if not actually driving the problem. Although it is very important to know how to manage the dollars well (and we will show you how to begin), true financial success for couples depends on the seldom explored "why."

The "why" is the deeper, symbolic meanings we ascribe to money. Money issues tend to be manifestations of personal and relationship needs or desires in life, such as power, security, freedom, acceptance, beauty, and fun. We have come to believe that the "why" is the true driving force of our behavior. Partners are most likely to work together as a team in life and maintain some sense of harmony if they can understand and talk openly about the deeper meaning of money and money decisions. In other words, "money" isn't just about money. If you

can master money and all of its nuances as a team, the result will be more than financial success. The result will include a deeper level of intimacy within your marriage. This book is more than a superficial discussion of dollars and cents. We'll take you to a deeper understanding of how you can move forward together.

Lesson Four: Never Take Your Partner's Smile for Granted

Some of us obsess over money. "How much do we have?" "Is it enough?" "How can I get more?" We strive for money as if our lives depended on it. But money doesn't help you fall asleep at night. It doesn't help your mother's test results come back "benign." It doesn't help your partner be kind, generous, and appreciative. It doesn't help you feel loved.

Many of us think in terms of acquiring things—a house, furniture, car, boat, clothes, and other worldly things. There's nothing wrong with material goods; however, you may have noticed that although they often bring momentary pleasure, they do not bring deep and lasting fulfillment. More often than not, our question becomes, "Is this all there is?" Many of us get caught in the trap of trying to fill the heart-shaped void within us with a dollar-shaped token. That'll just give you heartburn.

When I saw Shawn sucked under the water, I'd have given everything I had to save him. Money was totally worthless to me at that moment. Money has its limits, and accepting this fact is the beginning of financial freedom.

At the same time, financial success requires that we acknowledge the power of money. Some of us pretend that money doesn't matter at all. We say, "I don't need money" as we head off for another arduous day at the job we hate because it pays well. Of course money is important. Money is not just the currency of stuff, it is the currency of life. Money determines how life is spent. Money determines whether you live in a cardboard box, an apartment, a house, or a mansion. Money is about the basics of life: food, clothing, shelter, health care. Money, or the absence of it, determines whether one or both of you spend your days working at a job or playing on the golf course, whether you spend your retirement eating cat food or caviar. Having an abundance of money means that you have the power to support AIDS research or to work to end world hunger—to make a difference in the world on a larger scale. If you fail to acknowledge the power of money in our society, you will always be subject to it. In denying money's power, many couples refuse to learn to manage money well and thereby end up having money manage them. They end up living without those resources that could greatly increase their quality of life for years to come.

In this book, we want to help you put money into perspective. You'll gain a healthy respect for what money can do for you and what it can't. Once you un-

derstand that money has great value but that lasting love is priceless, you and your partner will be well on your way to a prosperous future.

Lesson Five: Get Back in the Canoe

My son, Peter, didn't want to get back in the canoe. He had trusted us to get him down the river safely, and we'd failed him. Adding my newfound love for dry land to my guilt in failing my son, I wasn't particularly excited about getting back into the canoe either. But I wanted to be a good example for my son, so I repeated the old saying, "When at first you don't succeed, try, try again."

"Mom," he said, "the definition of insanity is to keep doing the same thing and expect different results."

"Who told you that?" I asked.

"You," he replied.

"Well, you don't listen to anything else I say; why'd you listen to that?" Then, in a more serious tone, I explained that he was right. To try the exact same thing again would be really stupid. However, the opposite of success is not failure; it is quitting—and that wasn't an option. I then listed all the ways that things were going to be different this time: Chuck was paddling, the water was calm, and we were only going a short way. I also promised to borrow some rope and learn to paddle before we headed into rough water again.

As Peter stepped into the canoe, he asked, "Mom, are you more *against* quitting or *for* getting some dry clothes and a Diet Coke?" He wanted to know why I wanted to get on down the river. "Never underestimate the lure of a cold Diet Coke, Peter," I said. It doesn't have to be an either-or answer. Although most of us don't like the idea of "being a quitter," sometimes the idea doesn't sound so bad. That's when it's most important to remember the "why." Even if the why is nothing more than getting a Diet Coke, reconnecting with the why can help give us the energy we need to get back in the canoe and paddle—one stroke at a time. That is something successful people have mastered in life. Relationship and financial success requires moving forward whether you are driven by a dogged determination *not* to stop or by a specific goal you want to achieve. Get back in the canoe—for whatever reason.

We, the authors, are realists. We know that sometimes life can really knock us around. We may make a huge financial mistake. We may deeply wound the ones we love, and the thought of picking up and trying again can seem crazy. At times we do need to stop and catch our breath—to evaluate how we can do things differently. However, we want to encourage you not to stop for too long. Learn enough to make your next try a bit different and then go for it. If you're like most of us, you'll likely get dunked a time or two. However, we've found that

it's important to reward yourself for your efforts—whether you succeed or not—and keep getting back in the canoe. As long as you keep paddling, you'll always be moving forward.



It all comes down to this: there are couples who experience financial success but end up in divorce court, there are couples who experience lasting and fulfilling love but end up in bankruptcy court, and there are couples who don't succeed in either domain. Our goal is to show you how to achieve financial success without sacrificing your relationship and how to achieve marital success while reaching your financial goals.

Here's to the journey.



PART ONE

THE INVISIBLE FORCES



CHAPTER ONE

MARRIAGE, MONEY, AND REAL LIFE

The heart has its reason, which reason knows not of.

BLAISE PASCAL

We've met couples who've had great success with money but lost at love. And we've met couples who've lost lots of money, but their love was stronger than ever. Then there are the couples who have had success with both, or with neither. Have you ever wondered what the difference is between these couples? We have.

We believe we've identified the key difference. It has relatively little to do with luck or intelligence, though it has something to do with the answer to another question: Why do smart people sometimes do dumb things with their money? It seems that nearly every family has some story about a silly purchase they've made. There's the one about Ron, who's retired from a very successful career in sales. Ron and Marie are the best of friends and have been married for forty years. Ron's kids and grandkids have all heard the funny story about when Grandma and Grandpa were newlyweds and Grandpa bought a vacuum cleaner for \$249.99 from a door-to-door salesman. That was in 1962, when Ron made only \$400 per month. Furthermore, they had hardwood floors and not a single rug in the house. "Grandma was so mad at me she could hardly talk to me for a month!" recalls Ron.

Or take Linda, a very smart and savvy teacher who decided to go ahead and visit her girlfriend in Boston even though she and her husband didn't have the money. During her visit, Linda and her friend went shopping, and Linda decided

Understanding these invisible forces and knowing how to manage them are essential to winning at money without losing at love.

to buy a very expensive stereo system for her husband. They couldn't afford the trip, so why did Linda make things worse by buying a stereo?

Why do couples carefully go through their budget in order to figure out how much house they can buy and then let their real estate agent show them houses \$5K to \$10K more than they had decided they can afford? Have you seen this? Have you done this? Have you become totally obsessed with the house that "is just perfect" and "feels like *home*," even when you'd already decided it was more money than you felt comfortable spending?

Why do we seem to lose our minds when it comes to certain money decisions? Odds are that if you don't have a story to tell, your partner does. Why do smart people sometimes do un-smart things? It's as though there are some invisible forces at work in our lives. Actually, there are. Understanding these invisible forces and knowing how to manage them are essential to winning at money without losing at love. But you won't find these invisible forces mentioned in traditional models of economics.

A Simple Model of Money Decisions

In a most basic model of economics, money behavior can be thought of in four parts:

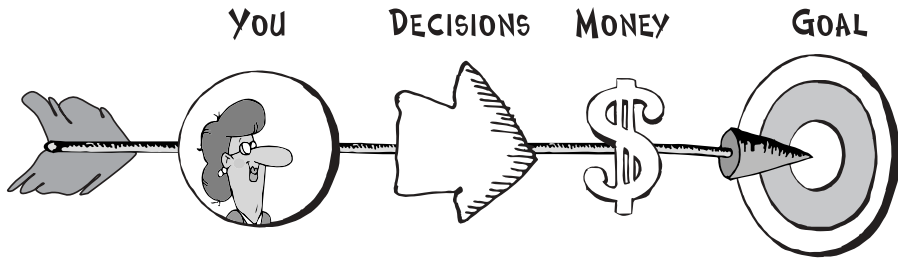
1. The first part is the person: *you*. You are an individual who wants to reach some particular goal.
2. The second part is the *decisions* you make. How are you going to handle your money? Mainstream economics tends to assert that we make decisions rationally.
3. The third part in this model is your *money*: whether you have a lot of money or a little, whether your income is consistent or erratic, whether your assets are liquid or not.
4. The last part is your goal.

For example, if your goal were to go to a movie, you would decide which movie you wanted to see, go to the theater, buy your ticket, and watch the movie. If we were to draw this simple model, it might look like Figure 1.

Real Life Is More Complicated

The problem is that real life doesn't always follow a simple model. There is often more going on than what is pictured in the figure. In real life, if you wanted to go see a movie and you asked your partner if he or she would like to go with you,

FIGURE 1. A SIMPLE MODEL OF MONEY DECISIONS.



your partner might respond in a way that baffles you. Your partner might say something like, “That won’t work because I’m planning to take the kids to the amusement park on Saturday while you are away camping.” You might reply, “Um, OK,” but you’d be thinking, “Huh?” If you were to ask what one thing had to do with the other, your mate might even criticize you for not planning ahead. Later, when the situation had calmed down, you might find out that your mate was thinking that your plan would require money for the movie, stuff to eat at the movie, and a baby-sitter. Fifty bucks, from top to bottom, and your partner was counting on using that money to take the kids out while you were away on the weekend. In real life, simple things can get complicated pretty quickly.

These baffling interchanges happen all the time to couples, and money tends to have its fingerprints all over them. Money is such an integral part of our lives that it is bound to be mixed up in the interactions between partners. “Want to go to the movies?” “We can’t afford it.” “The truck needs a new transmission; maybe we should just buy a new one.” “Why’d you buy generic ketchup? I like Heinz.” “I’d like to cut back to working part-time.” “But we’d have to sell the house.” “Let’s increase our savings for retirement.” “But that means we can’t afford to go anywhere for vacation.” The sheer number of decisions that revolve around money makes it unlikely that two people will always agree about what to do with the stuff.

Why Money Is So Challenging for Couples

Money issues have the potential to ruin or define a marriage like nothing else we know. That’s because money is not simply about money. If it were that simple, we could just give you some sound financial advice, and you’d have no trouble following it. Money is complex because money and finance symbolize so much about how we view life,

what we think is important, and how we work together—or don’t—with loved ones. Let’s look for just a moment at that “how we work together—or don’t” part.

May We Have the Envelope, Please?

And the winner is . . . money. The topic that is consistently reported to be the number one problem area for couples is not jealousy or sex or chores, it’s money. So if you and your partner don’t always see eye to eye when it comes to money, you’re not alone.

In 1991, Ragnar Storaasli and Howard Markman published a study out of our lab at the University of Denver, which reported how couples rated their top problem areas. In that study, couples were tracked from before they married to long after the wedding bells had rung. People before marriage, people after marriage, people with lots of money, people with little money—all rated their number one area of conflict as money.

In another study from our group, coauthors Scott and Howard devised a nationwide telephone poll that asked people all sorts of questions about their relationships. (You know those guys who call just as you are sitting down to dinner? Yes, that’s us!) Among the many questions people answered was this one: “What is the number one thing that you and your partner argue about most?” Figure 2 shows how people responded.

You can see how couples responded, grouped by how long they had been married. The top argument starter for every group, from engaged couples to people married up to twenty-five years, was money. Those who had been married twenty-six years or longer reported that “nothing” started arguments. It’s

FIGURE 2. TOP ARGUMENT STARTER BY YEARS MARRIED.

