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Financial compromise a key for partners

BY KATHY CHU
USA TODAY
05/08/2006

If you have serious hopes of achieving financial peace with your partner, keep this in mind: Compromise is the most vital ingredient.

The first step toward compromise is to talk about your finances. Trouble is couples often spend more time planning vacations than they do discussing long-term financial goals.

Even couples who talk tend to minimize problems and exaggerate how well they're managing finances. Major problems include spending more than you earn and anointing one person the financial czar, while the other person relinquishes all control.

What to do? First, acknowledge your problems. Not doing so can be an "absolute barrier to making progress on the road to financial security," says Greg McBride of Bankrate.com, a personal-finance site.

You also need a plan of action. A survey that the Financial Planning Association conducted for USA Today this spring found that 60 percent of planned movers found a valuable move couples

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START TALKING

- Find a regular time to discuss money when both of you are relaxed and don't have pressing matters on your mind.
- Start the conversation with an expression of appreciation for your partner, whether about money or something else.
- Use nonjudgmental language, such as, "I feel scared that we're not saving enough for retirement." Don't say, "I feel you have a spending problem."
- Don't interrupt when the other person is speaking. Repeat what your partner says and acknowledge what he or she might be feeling.
- Reward yourselves for financial progress in a way that doesn't undermine your goals. Go to a museum, go on a bike ride or devote a day to each other without phones or TV.

Source: Olivia Mellan, author of "Money Harmony: Resolving Money Conflicts in Your Life and Relationships."

can make to improve their financial lives is to set specific goals, such as socking away a set amount monthly for retirement and the kids' college education.

That's critical, because, "How do you know you're on the right path unless you know what the destination is?" asks Dan Moisand, president of the FPA. "It's particularly helpful if you're both trying to get on the same path," because this will make it easier to reach your goal.

Some major financial issues that trip couples up and how to resolve them:

Communication

Hold regular meetings, whether each month or twice a year, to discuss goals and update each other on your progress.

Money is a touchy subject. It might mean financial freedom to one member of a couple -- the one who puts a down payment on a spiffy Porsche Boxster the moment the year-end bonus arrives. And it can mean security to the other partner -- the one who pulls money from each paycheck and directs it into a savings or investment account.

Find out where your partner stands. "The more couples discuss things and try to understand each other's perspective, the more they respect each other," says Bill Ramsay, a financial planner in Raleigh, N.C. "The more they respect each other, the better their relationship works and the better their finances tend to go."

Financial compatibility isn't about having the same spending habits; it's about being able to accept differences in approach to money and to work together, says Diane McCurdy, author of "How Much Is Enough? Balancing Today's Needs With Tomorrow's Retirement Goals." Crafting a budget should accommodate the needs of both, even if one is a spender and the other a saver.

More good news: Most couples already talk to each other before making major purchases. Among those living with, or married to,

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