



REAL LIFE
MARRIAGE

**3.5 - Money
Conflict - Responsible
Financial Decisions**

VIDEO



Summary of issue:

Our discussions about money seldom go well. Even when we aren't in a financial crisis, discussing money often results in verbal battles and distance in our relationship. It seems like each of us is getting more and more inflexible in our thoughts and opinions. Financial discussions are becoming a power struggle, with nothing being resolved.

Making it personal (take turns answering each question):

Do I resonate with the above paragraph? If so, describe a recent conflict.

Which of these words describe me? (saver, spender, some of each) Explain.

Which of these words describe my spouse? (saver, spender, some of each) Explain.

What expenses do we most often argue about?

Suggestion of improvement:

You probably already know that the secret to financial peace is spending less than your income. This is done by creating a budget based on income, and then monitoring and limiting expenses to the budgeted amounts. While this may sound simple, it is seldom easy. It's difficult because budgeting isn't fun and most of us struggle to be committed to things that aren't fun or easy.

Before embarking on the budgeting process, it's important to first understand your commitment as a couple to the process. Let's be honest here. If there is no joint commitment to living under a budget, you will continue struggling with money month after month, even if you have a budget.

If there is a mutual commitment, the second step is to determine who is best suited to drive the process. There is real danger here as we are talking about having one of you assert "control" into our behaviors both individually and as a couple. Take time to discuss which of you is most motivated and equipped to take this role. Once this is decided you are ready to establish a budget.

The most important aspect of creating a budget is determining what expenses to lump together. These are called categories, or in accountant terms, a "chart of accounts". It may be helpful to realize that all expenses roughly fall into the following four categories: fixed expenses (e.g. insurance premiums, mortgage); discretionary expenses (e.g. groceries, restaurants, gifts, technology); large budgeted items (e.g. different house or car, vacations, furniture, etc); and unexpected (e.g. medical co-pays, emergency travel). Seek to have categories wide enough for a little "wiggle room", but specific enough to accurately see where money is being spent. Don't try to completely nail down categories at this time, as the software tool you select (see below) will help refine your ideas. While all budgets are important, most couples get in trouble by not watching discretionary spending in the areas of restaurants, entertainment, and technology. Decisions related to purchases and staying within budget are normally allocated to the person responsible for that category. For example, one of you may be responsible for car repairs, while the other spouse decides on what groceries to purchase.

Up to this point you have: (1) committed to living on a budget; (2) agreed on a rough list of expense categories, and (3) determined which of you will drive and monitor the overall budgeting process. The final piece before selecting and implementing budgeting software is to agree on how each of you like to manage spending. Some people do very well with an “envelope system”, where the amount of cash available in-hand controls the spending. Other people have the discipline to use credit cards, pay off the balance every month, and enjoy the benefits. A third option, which is right in the middle, is to use a combination of cash and debit cards. Each of you may take a different approach, which is fine. The goal is to agree on what will work best for each of you.

It's now time to select a software package, input budget categories, enter salaries and other income sources, and agree on budget amounts for each category. It will be tempting to eliminate giving to the church. Remember that God honors giving our “first fruits” to His kingdom work. When all expenses have been budgeted, seek to lower budgeting expenses so an emergency fund can be established in your savings account. You will find a wide range of quality no-cost and low-cost budget software options by simply doing a Google search for “free budgeting software”. One of the most comprehensive free budgeting tools is “Mint” from Intuit. If you are looking for a tool to educate you on Dave Ramsey’s budgeting strategy, “EveryDollar” would be a good choice. The best choice is a tool that you will actually use.

Once all of the above are setup, regular inputting of expenses is critical. Daily is preferred, but recording expenses every two or three days is also workable. Delaying the recording of expenses any longer will certainly doom the process to failure. Once a month have the software produce a summary of expenses versus budget, and meet as a couple to adjust budgets and spending as necessary.

If the above process has your head spinning, consider attending a financial class such as Financial Peace University.

Homework:

Decide if we are fully committed to living on a budget.
Determine who is best qualified to drive and monitor the budget process.
Agree on how each of you will manage your spending (e.g. cash only, debit card, etc)
Establish the expense categories we want to track.
Agree on dollar amounts for each category.
Review and select budgeting software.
Setup the software with income amounts and expense budgets.
Tracking daily expenses.
Meet monthly to adjust spending and budgets.

Follow up (discuss at next marriage mentor session):

Describe what we decided to do (or have done) on each homework step.
If all steps were completed, discuss our detailed budget line by line.