

NATIONAL POST

Economics of relationships

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It is arguably the single most important personal financial decision you will ever make. But few people see it that way.

Marriage. Study after study has pointed to the institution as a wealth builder, yet pre-marriage discussions around money are rare in the Western world and, if you engage in them, the conversations are tinged with accusations of one party being a "gold digger" or "marrying for money."

This week the Institute of Marriage and Family Canada put out a release entitled "Have babies, avoid a pink slip?" The group's latest work maintains men who get and stay married work harder and earn between 10% to 24% more money - a phenomenon seen around the globe. Jeffrey Dew, a professor at Utah State University and a fellow at the National Marriage Project which conducted the study with its Canadian counterpart, says it's hard to find empirical evidence that people consider what their future spouse is making or will make before tying the knot.

"It is taboo and de-romanticizes marriage but it has been shown that financial stability is a concern. We do know people who are more financially stable are more likely to wed," says the professor.

Historically, he adds, people made no bones about the fact they were looking for a provider.

"It was a matter of survival in rural areas 200 years ago. You had to find the healthiest and wealthiest person to marry," he says. Kingdoms were expanded based on marriage.

Flash forward to today and where do financial discussions fit into the world?

You might argue the person you are dating doesn't care about your car but Mr. Dew's studies have found people with more expensive cars are more likely to get married. "We toyed with the idea of calling that report 'Sweet Rides' - there is still an expectation of financial stability inherent in the decision to marry. People are not going to marry without that."

Few are willing to couch it in pure investment terms. Is marrying someone in law school like going after a growth stock? Is tying the knot with a partner on his or her second marriage - something they can enter into with obligations like child support and alimony - the equivalent of buying an oil company with mature wells that are running dry?

Head over to the online world, where one can effectively advertise for what they really want in a partner, and some of the questions become a little more direct.

Kim Hughes, head of content and community at Lavalife, said one of advantages of online dating is you can create a profile of yourself that is accurate. You can be as blunt as you want to the point where you list your income in a drop down menu.

She suggests a little creativity. "It's not very sexy to describe yourself as fiscally conservative but you could say in your profile that owning your own home is big goal of mine or being able to travel," Ms. Hughes says, adding each description sends out its own message.

But she points out some people are willing to look the other way when it comes to money issues because of what they are getting out of the relationship. "Maybe they are a freak in the sack and that's going to be enough for you that she can spend all the money she wants," Ms. Hughes says.

But even her company's internal polls have indicated money is "far and away" most often the argument trigger in relationships.

"Financial compatibility is the cornerstone of a relationship. If you have two people in relationship and one is the kind that thinks nothing of throwing money around on the latest fashions or the latest toys and the other is the kind to hang on to money for longer term goals, you are going to have conflict," Ms. Hughes says.

Date coach Christine Hart - she's certified by the life coaching industry - says people shouldn't go into an relationship with a figure in their head about what a spouse should make.

But where is the dividing line between marrying for money and looking for someone with good prospects who will provide for you? If you decide you want to stay at home with kids, whether you are male or female, doesn't that mean you are seeking a partner with high enough income to support you both?

"I think it's better to look for someone who is financially responsible," Ms. Hart says. "You can have those type of conversations around the third or fourth date to get an idea about their relationship with money."

In fact, she tells people to have that conversation early, noting most divorces are caused by either sex or money.

"My view is get it out in a respectful way. Men don't want to see women shopping for wallets and women don't want to be seen as someone who can't take care of themselves," Ms. Hart says. "The problem is people are not respecting what they truly want in their heart. If a guy marries someone who is an Alpha female and there's no way she's going to stay at home, that's his mistake."

She says it comes down to how you say it. "If she says what I'd love is to be a stay at home mom, the man knows that's a single income home and he starts thinking could I do that. It has a financial implication but it comes from a place of honesty and the guy can exit stage left if he thinks no way, I need two incomes."

But people don't have those conversations, Ms. Hart says. "It's just amazing what people don't talk about in the dating stage."

Lee Block, who has a blog called The Divorce Chronicles, notes money is a bigger issue the second time around and something that is talked about more openly.

"The reason why there are children involved and when there are children involved there is usually child support, possible alimony, other expenses that have to come first before you can take care of each other," Ms. Block says.

But there is also a bitter reality on the second go that marriage doesn't last forever and you have to think about concrete issues and not just love.

"People the second time are more realistic. You learn from your first time what works and didn't work. I always tell my clients don't throw it into the same pot the second time around," says Ms. Block, who is also a post-divorce coach.

That message is not a tough sell to anyone who remarries. It's a bit like trying to sell a warranty program to someone who has already had an appliance break down. But try selling a prenuptial agreement to someone on the first marriage. "People have this funny thing about prenups, they believe it's a divorce contract and it's not. What it does is it protects you and your spouse," she says. "It's not about love and trust, it's about being practical."

Certified Financial Planner Doug Lamb says he wishes people would put as much thought into a marriage as they do into planning the wedding. "People plan weddings but they should also plan marriages," says Mr. Lamb, who thinks the ultimate engagement gift might be an all-expenses-paid visit to a CFP.

When he does manage to get a couple into his office before marriage, there's no opinion from him but rather examination of what a couple's life goals are and what they can actually afford.

"There are two things. First you have to decide who is going to pay for what," Mr. Lamb says. "The second aspect is where you sit down with a plan. You start thinking do I want one, two, three kids, do I want a nanny, will someone stay at home. All these things need to be identified first and then see if you can afford them."

That's why financial compatibility is so important. "You have to be in sync," says the CFP. "If you don't have a financial plan that works, then I don't think you have a marriage."

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