

10

CHARTER



What do other high school students know about money and relationships?

We asked high school students if they've ever witnessed money affecting a relationship close to them.

“Money is always a strain at my house. At least every other day, my parents fight about money.”

Junior, Michigan

“When my parents fight, it is usually concerning a large purchase that they didn't discuss.”

Senior, Wyoming

“My parents fought all the time about money and are now divorcing.”

Senior, Alabama

“Money was the cause of my parents' divorce when I was 5 years old.”

Senior, Oklahoma

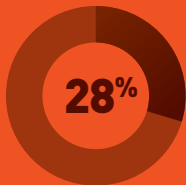
“I argue with my parents all the time about money. I don't understand why they say no to giving me the spending money I ask for, even though we seem to be fine financially.”

Junior, Florida

Money and Relationships



of teens receive a weekly allowance of, on average, just over \$16 per week.*



of teens are borrowing money. On average they owe \$252. They most frequently owe money to their parents, school or friends.*

MONEY AND RELATIONSHIPS go hand in hand, which means the way you handle your money affects everyone around you. Hard to imagine, right? Well it's true. Whether you save, overspend, are generous in your giving, or often borrow from friends—people notice. Your current and future relationships will all be influenced by how you handle money. So let's make it a priority now to learn more about this topic.

*Charles Schwab Teens & Money Survey (2011)

Before You Begin



Learning Outcomes

Once you've completed this chapter's videos, you will be asked to return to this list of learning outcomes and place a checkmark next to the items you've mastered.

Section 1: Understanding Your Money Personality

- Identify differences among people's values and attitudes as they relate to money.
- Evaluate your own money personality.

Section 2: Marriage and Money

- Evaluate how discussing important financial matters with household members can reduce conflict.
- Understand how having a budget or a money plan can reduce conflict.

Section 3: Communication Is Key

- Understand the value of discussing individual and shared financial responsibilities.
- Develop communication strategies for discussing financial issues.
- Integrate healthy communication about money with parents, friends and others.



Key Terms

Get to know the language of money.

- » **Accountability:** The quality or state of being responsible, liable or answerable
- » **Free Spirit:** A person who thinks that everything will work out fine and typically hates to deal with the details
- » **Nerd:** A person who is picky about budgeting and details
- » **Time poverty:** A situation in which a person is lacking time, which leads to stress
- » **Value system:** A person's priorities, beliefs and standards that affect how he or she views the world



Measure Your Progress

Before you watch the *Money and Relationships* video, take the following survey to see if you have more *Free Spirit* or *Nerd* tendencies. Check the characteristics that best describe you.

FREE SPIRITS tend to be:	NERDS tend to be:
<input type="checkbox"/> Creative	<input type="checkbox"/> Number-oriented (enjoy working with numbers)
<input type="checkbox"/> Spontaneous	<input type="checkbox"/> Rule followers
<input type="checkbox"/> Less organized and not concerned about rules	<input type="checkbox"/> Organized
<input type="checkbox"/> Late for meetings, dates, appointments—most everything	<input type="checkbox"/> On time for everything
<input type="checkbox"/> Easygoing	<input type="checkbox"/> Slow and steady when making decisions



JOURNAL QUESTION: INTRODUCTION

What are your initial thoughts about money and relationships? What do you want to learn about money and relationships?



Information not otherwise sourced in this section is based on Dave Ramsey's personal experience counseling families for more than 20 years.



"Your priorities, passions, goals and fears are shown clearly in the flow of your money."

DAVE RAMSEY



Section 1:

Understanding Your Money Personality

VIDEO 1.1

Values and Attitudes

HOW DO YOUR VALUES RELATE TO MONEY? If you value security, you are more likely to be a saver. If you value freedom and spontaneity, you're probably more likely to spend. When handling money, it's difficult to balance who you are with what

you should do. Being aware of your money personality will help you create a plan to accommodate both. When it comes to relating with others about money, it's important to also consider their values.

Men, Women and Money (Over-Generalizing)

Men and women generally approach money in very different ways. Of course, not all men and women will relate to money in this way, but there are some patterns that have proved themselves over and over again.

The flow of money in a family represents the _____ under which that family operates. Where your money goes is an indication of what is important to you.

Emergency Fund Savings

- » Men: “It’s boring and not _____² enough.”
- » Women: “It’s the most _____³ key to our financial plan.”

Shopping

- » Men get good deals by _____⁴. They want to win.
- » Women get good deals by _____⁵. They enjoy the process.

Financial Problems

- » Men lose _____ - _____⁶ when money problems pop up, because money usually represents a scorecard to them.
- » Women experience _____⁷ or even _____⁸ when money problems arise. With women, money usually represents _____⁹.



JOURNAL QUESTION: VIDEO 1.1

Have you ever witnessed money affecting a relationship close to you?



“Personal relationships are the fertile soil from which all advancement, all success, all achievement in real life grows.”

BEN STEIN
American actor, writer
and commentator



More teen girls than boys report saving their money for small purchases like music or clothes. (27% boys, 36% girls)

More teen boys than girls report saving their money for bigger purchases, like a car. (48% boys, 37% girls)

Charles Schwab Teens & Money Survey (2011)

Section 2: Marriage and Money

VIDEO 2.1

It takes teamwork! If men and women are so different, who is supposed to do the financial decision making in a marriage? BOTH! Handling money is the responsibility of both people in a relationship. Although one person might have a natural gift for budgeting and working with numbers, the decision making has to be done together. Communication, teamwork and consistency are all important elements of handling family finances.

- » The number-one cause of divorce in America is money _____¹⁰. If it's the number-one problem, that means it is also the number-one opportunity to improve a marriage.
- » When you agree on your spending, that means that you also agree on your value system.
- » The _____¹¹ likes doing the budget because it gives them control, and they feel like they are taking care of loved ones.
- » The _____¹² feels controlled, not cared for, and can appear irresponsible to the Nerd.

In a marriage, you are financially accountable to one another. That's why having a monthly budget is so important. Not only does it tell your money what to do, but it also represents two people agreeing on what they want their money to do.

JOURNAL QUESTION: VIDEO 2.1

Would you describe yourself as a Nerd or a Free Spirit when it comes to handling money? Explain your answer.



HOW TEENS LEARN TO MANAGE MONEY

- 82% Parents
- 65% Real-Life Experience
- 49% School

Charles Schwab Teens & Money Survey (2011)



FINANCIAL CONTRACTS AND RESPONSIBILITIES

A **lease** is a contractual arrangement calling for the lessee (user) to pay the lessor (owner) for the use of property. A more common term is rental agreement.

Contracts or legal documents not only define the legal rights or privileges of the parties involved, but also define the duties and obligations of the parties. Contracts and written agreements are "binding documents," which when properly written and signed become enforceable by law.

Will My Boyfriend's Credit Score Affect Me?

"My boyfriend's credit is in bad shape, and we're thinking about getting married someday. Will his bad credit rating affect mine? My credit is in good shape right now."

DAVE'S ANSWER: Marrying someone with a bad credit rating will not affect your score. In other words, the black marks on his credit rating don't jump across the aisle onto your report as soon as he slips the ring on your finger.

After you're married, your husband will be listed as "spouse" on your report. Then, if they pull your report for any reason, they'll see that half of your "team" has had some problems in the past. When the two of you decide to buy a home,

it may be difficult if there are still problems with his credit report.

But the big issue here is that you seem to have differing views on money management. Make sure you go through premarital counseling together and begin the process of working together to make monthly budgets. If you get married, money is going to be a big part of your lives for a long time. Agreeing on your goals now will set the foundation for your dreams.



Section 3: Communication Is Key

VIDEO 3.1

The Budget Committee Meeting

- » The budget committee meeting is a great way to learn how to communicate and avoid conflict when it comes to money and marriage.
- » The Nerd should be the one to prepare the budget, but the decision making must be done by both people.
- » Remember the basics of budgeting: You spend every dollar on paper before the month begins. Every dollar has a name or a purpose.



According to a recent Charles Schwab Teens & Money Survey (2011), 9 out of 10 teens say they were "affected by the recession," causing major shifts in perspective that include a greater appreciation for what they have and an increased awareness of financial hardship.

How to Talk to Your Parents About Money

Some of you have parents who pay for everything. Others have parents who won't give you a dime—if you want something, even if it's important, it's your responsibility. The rest of you may have parents who fall somewhere in the middle.

You can't control your parents, but what you can do is _____¹³ to them. If you want to learn how to manage money before taking on the bills and responsibilities of an adult, you need to be in open communication with your parents.

Talk about your _____¹⁴. Share your thoughts on money, what you want to start paying for, and the things you may need help paying for.

_____¹⁵ your parents' decisions. Don't beg or manipulate. The goal here isn't to get more money out of your parents. Instead, it's to become responsible and independent with the money you have.

Singles and Money

It won't be long before you're an adult managing your own money and paying your own bills. You'll find that managing your money alone creates some unique challenges. You go from being accountable to your parents to making all your choices on your own, which can make it easy to get off track when it comes to your financial goals. Single adults need to be proactive about having financial accountability in their lives.

» _____¹⁶ and fatigue can lead to poor money management. Young singles who are in college or just getting started in their career typically pour all of their time and energy into that. It's easy to let your



PRACTICAL TIPS FOR COMMUNICATING WITH OTHERS ABOUT MONEY

- 1. Listen.** Communicating with others isn't just about expressing your own wants and needs—it's also about listening to what others want and need.
- 2. Pick the right time and place.** Starting a conversation with your mom or dad two minutes before they need to leave for work is not ideal. Make sure there is time for both of you to have a relaxed and complete conversation.
- 3. Be honest.** When it comes to money and relationships, honesty is key.
- 4. Seek counsel.** You're young, and there will be money mistakes in your future. One of the best ways to avoid these mistakes is to seek advice from trusted adults—even if it's not the answer you want to hear.
- 5. Communicate your money goals.** Let your parents and others close to you know about your goals. Doing this will help provide accountability and encouragement along the way.

busy life keep you from reconciling your account, much less writing a budget each month. If you let this happen, financially you'll end up just treading water and not going anywhere. Even with a tight schedule, managing your money must remain a priority.

- » Beware of _____¹⁷ buying, which can be brought on by _____¹⁸ or even by the “I owe it to myself” syndrome. With no one’s opinion or input to worry about, single adults can rationalize almost any expense. If you’re single, you have a greater responsibility to manage your money because no one is looking over your shoulder. It’s up to you!

- » A written plan gives the single person empowerment, self-accountability and _____.¹⁹ You must do a budget every month! A written plan gives you peace of mind and keeps you on track to reach your goals.

- » Develop an _____²⁰ relationship. This is someone with whom you discuss major _____²¹ and your budget. Accountability friends must love you enough to be brutally honest and promise to do so for your own good.



JOURNAL QUESTION: VIDEO 3.1

How will this chapter change the way you talk to your parents about money?



Budget Builder



Is your money personality and value system evident in your budget? Go to foundationsU.com/10 for your next budget lesson.



“When you learn to respect others, you will see yourself improve in self-esteem, happiness and fulfillment.”

SHARON RAMSEY



MONEY TOPICS TEENS WOULD LIKE TO TALK ABOUT WITH THEIR PARENTS

1. How to invest money
2. Their career aspirations
3. How to budget money

Chapter Summary



Check for Understanding

Now it's time to check your learning! Go back to the *Before You Begin* section for this chapter and place a checkmark next to the learning outcomes you've mastered. Review the *Measure Your Progress* section to see if any of your answers have changed.



Big Ideas

The following *Big Ideas* are intended to provide clear focus and purpose to the lessons. Read each statement and think about how what you've learned will affect your current and future decisions. Then, in the space provided, write an "I believe" statement for each of the *Big Ideas*.

- » How you handle money will affect your relationships.

- » Know your money personality.

- » Communication is key!



Build On What You've Learned

Draw a picture of yourself in the space below (a stick figure will work fine). Label your drawing with elements of your money personality and values. Compare your drawing with your peers'. In what ways are your money personalities and values similar? In what ways are they different?



Take Action Challenge

Reflect on your self-portrait. Think about your money personality and values. Now consider your spending and saving habits. In the space below, write about how your money personality and values relate to how you handle your money.

Money in Review

Matching

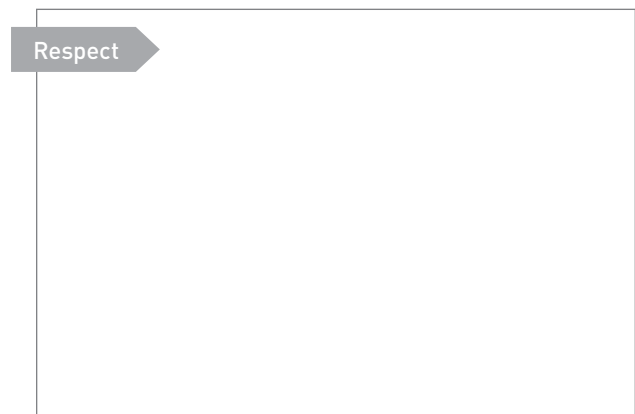
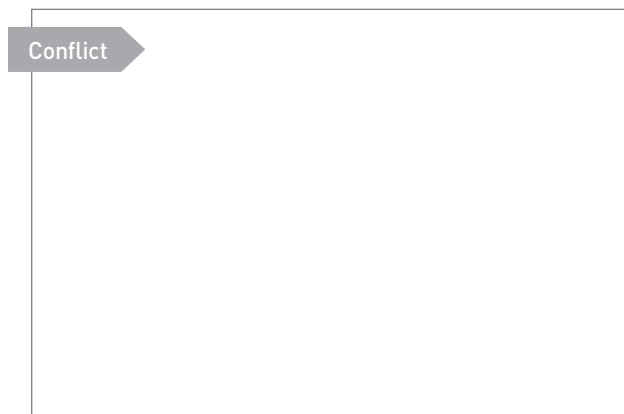
Match the following terms to the correct definition below.

- | | | |
|-----------------------|-----------------------|-------------------------|
| A Nerd | C Time Poverty | E Accountability |
| B Value System | D Free Spirit | |

- | | |
|---|--|
| 1. _____ A person who is picky about budgeting and details | 4. _____ A person who thinks that everything will work out fine and typically hates to deal with the details |
| 2. _____ The quality or state of being responsible, liable or answerable | 5. _____ A person's priorities, beliefs and standards that affect how he or she views the world |
| 3. _____ A situation in which a person is lacking time, which leads to stress | |

Illustration

Draw a picture representation of each of the following terms.



Multiple Choice

Circle the correct answer.

6. Communicating about financial issues and goals in a relationship can reduce conflict.
 A True
 B False
7. When it comes to managing money, your personality and values have no importance.
 A True
 B False
8. Which of the following present challenges to managing money as a single adult?
 A Time poverty
 B Being accountable to no one
 C Impulse buys
 D All of the above
9. When it comes to communicating with others about money, you should not:
 A Listen
 B Manipulate
 C Pick the right time and place
 D Be honest
10. When married couples do not share goals and values in how they manage money, which of the following can occur?
 A Conflict
 B Divorce
 C Stress
 D All of the above

Short Answer

Respond in the space provided.

11. Describe some general differences in how men and women relate with money.

12. How does communication about important financial matters in households reduce conflict?

13. How does having a budget reduce conflict in relationships?

14. Summarize challenges you'll face managing money as a young single adult.

15. Summarize ways that you can overcome the challenges you listed in question 14.

