

Lesson 5: Relationships and Money

Part 2

Student Guide Pages: 161-163

Lesson Objectives: By the end of this lesson, your students should be able to:

- explain what happens to credit when couples marry
- define prenup
- explain why their network determines their net worth.

Lesson Summary:

In this lesson, we discussed even more ways to effectively manage relationships and money:

- **Get your financial life in order.** The more debt and disorganization you have as a single person, the more you will bring into the relationship. This adds unnecessary stress to your love life, so clean up your own stuff as quickly as you can.

- **Be honest about your financial life.** If you have a lot of debt, you should tell your beloved before you take the plunge. A great exercise is to examine one another's credit reports.
- **Remember that you are not responsible for your spouse's debts incurred before marriage.** Still, you should know if they have debt, because some collection agencies can take money out of a joint account, even if the debt is not yours!
- **You will always have your own credit.** However, when you take out a loan as a couple, the lender will average your scores together. Before you enter into a relationship, or even if you are in one, check your credit reports together at www.annualcreditreport.com.
- **Consider a prenuptial agreement.** A *prenuptial agreement* (prenup) is a legal agreement that describes how your assets will be divided if you divorce. Without this document, the division will boil down to a combination of the laws of your state and the arguments of your lawyers. With 55 percent of marriages ending in divorce, a prenup is a good idea, as painful as it may seem, and it isn't just for wealthy people.
- **Have a bargain wedding.** Having your wedding in a park or other public place can be just as fun as an expensive hotel or venue, at a fraction of the cost. Remember, no one divorces over a lousy wedding.

- **Remember that your network determines your net worth.**

Who you hang out with will determine how much money you have.

Review Questions:

- If you always have your own credit score, why does it matter what your spouse's score looks like?

Answer: If you buy a home or car together, the bank will average your scores. If one score is substantially lower, it will bring down the average, forcing you to pay a higher interest rate. You can ask the bank to look at only one score, but if you do that, they will also only look at one income, which may render you ineligible for the loan.

- Why does your network determine your net worth?

Answer: If all your friends spend their money at bars and restaurants and you hang out with them, you will naturally waste money there too. On the other hand, if all your friends are savers and seek out cheap but fun activities to do, you will also be a saver. Choose wisely!

Homework Assignment:

Tell students to write down the goals they should share with a spouse or future spouse. What kind of marriage do they want? Children? A big house? What's important to them? What are their pet peeves? Students will have a lot of fun with this exercise! Even though they already wrote goals down in Unit 1, many do not consider a significant other in that exercise, even if they already have one!

Class Activity:

Ask students to share stories from their own lives about why certain marriages or relationships work and others don't. What tips and tricks do their acquaintances use? One couple had a date night lotto, in which they placed all their cool ideas for dates (kayaking, skydiving, etc.) into a bowl and drew one once a month, then did it. That added a lot of excitement to the relationship and was far better than just grabbing dinner every weekend.

Additional Information:

www.costofwedding.com: This website has a great calculator to help you enjoy a wonderful but inexpensive wedding.

Fun Facts:

The Penan nomads who live on the island of Borneo, southwest of the Philippines, maintain that women do not have a soul until their wedding day. Ouch! (www.randomfacts.com)

Notes: _____
