washingtonpost.com

A Goodbye Kiss for the Myths Of Love and Money

By Michelle Singletary

Thursday, February 14, 2002; Page E03

Every year, retailers encourage the nation's lovers to express their feelings by spending money on their honey for Valentine's Day.

This year, despite a recession, has been no different. The International Mass Retail Association expects Americans to spend an average of $94.50 per household on Valentine's Day gifts, up from the $84.20 spent last year. In candy alone that adds up to a lot: an estimated $1.05 billion on sweets in 2001, expected to rise to $1.09 billion this year.

Given that conflicts over money are still one of the top reasons for divorces, according to experts, just think how many relationships might be saved if some of the money spent on Valentine goodies were redirected and spent on financial counseling.

So here's an idea from Cupid: This year, in addition to fattening up your Pooh bear with chocolates or an expensive dinner, give your love life a boost by purchasing a personal finance book and reading it with your Valentine. Start with "Smart Couples Finish Rich: 9 Steps to Creating a Rich Future for You and Your Partner," by David Bach (paperback, Broadway Books).

It may also be a good time -- perhaps not during the candlelight dinner but soon after -- to address the many misguided notions you or your partner may have about money. Let's start with these:

• How much he or she spends is an indication of how much he or she loves me. In a survey by Money Management International, a credit counseling agency, the men polled said they would spend $121 on average this Valentine's Day. The women said they planned to spend $83. "Far too many consumers will spend way too much on a Valentine's Day gift," said Rudy Cavazos, director of corporate and media relations for Houston-based Money Management. I say, Stop the madness. Love means never keeping score on what your sweetie is spending.

• A guy should spend two months' salary on a diamond engagement ring. Who do you think came up with that ridiculous guideline? A diamond sales and marketing firm, that's who. Ten percent of the reported 2.3 million couples who get engaged each year do so on Valentine's Day, according to the Diamond Trading Company. So aren't those couples lucky that Diamond Trading would pass along its little gem of advice on how much a ring should cost? Ignore it. On a salary of $50,000 a year, you'd be out $8,333 before taxes. Spend what you can afford. If your intended has some arbitrary ring price or diamond size in mind, speak up now or forever hold your peace. But trust me -- if you start your marriage off with this kind of spending, you may not have any peace.

• Everything has to be equal. After 10 years of marriage and talking to many experts, I hate to tell you this but: Everything won't be equal all the time. So many couples derail when trying to precisely divide up the money and bills so whoever is earning more (or less) pays a "fair share." You end up acting like two spoiled siblings fussing over who got the bigger slice of pie. I actually had one reader say she hid purchases from her husband because if she didn't, he felt compelled to match her spending even if he didn't need anything. Just another example of why the divorce rate is so high. If you're married and working toward the same financial goals -- a house, a secure retirement for the two of you or a college fund for your children -- everything doesn't have to be split down the middle. You aren't roommates. It is important, however, to set up a system in which you both agree on how the bills will be paid and how much to save from each paycheck. And, if you want to keep the peace, each of you should have some spending money to do with as you choose.

• You shouldn't marry only for money. But what do married people have at retirement that divorced and never-married people don't? A lot more money, according to Janet Wilmoth, an assistant professor of sociology at Purdue University. Her research showed that for every dollar the continuously married person has accumulated, the never-married person has about 23 cents. The divorced person who never remarries has a 75 percent reduction in wealth. The potential financial benefits of marriage include increased homeownership, insurance coverage for spouses, larger savings and survivor pension benefits (for example, you have to be married at least 10 years to qualify for Social Security benefits based on your former spouse's employment record).

As Bach says in his book, "When you work together on your finances, you can compound the results."

While Michelle Singletary welcomes comments and column ideas, she cannot offer specific personal financial advice. Readers can write to her at The Washington Post, 1150 15th St. NW, Washington, D.C. 20071, or by e-mail at singletarym@washpost.com.