



Frequently Asked Questions: Finances and Marriage

Research-based answers to important questions related to forming and sustaining healthy remarriages.

Marriage puts two individuals into a setting in which they must work together to manage and use their money. It is easy to forget that marriage is a financial partnership as well as a romantic relationship. Yet financial practices and patterns can help or harm marriages.

These FAQs answer some common questions about finances in marriage using findings from scientifically sound research. Unfortunately, researchers have not explored the relationship between finances and marriage as thoroughly as the topic demands. ¹ So research doesn't have all the answers, but the research that has been done can shed a great deal of light on many questions.

Questions:

Q1. *Do financial problems lead to marital problems and divorce?*

Q2. *Do financial problems affect marriages early on, or do these problems emerge later?*

Q3. *How does a person's financial background or current financial situation affect his or her chances of marrying?*

Q4. *When a husband and wife both earn an income, do they have a higher or lower risk of divorce?*

Q5. *Are there some specific financial practices that are associated with healthier marriages?*

Q1. *Do financial problems lead to marital problems and divorce?*

A1.

- *Different Research Approaches, Different Answers.* Much of the research on the relationship between financial problems and divorce is based on the reasons given by people who are already divorced. Recently, however, several studies have been done that have followed couples for many years. These studies include couples who were still together, as well as those who eventually divorced. The answer to the question of whether financial problems lead to marital problems and divorce seems to differ depending on how researchers conduct studies. When individuals are asked after a marriage ends about the reasons for their divorce, financial problems do *not* rank especially high as a cause of the dissolution of the marriage. When researchers examine the factors that predict an eventual divorce, however, financial problems do loom large as a cause of the divorce. The reasons that individuals give for a divorce after a marriage ends may not reflect the reality of how important the financial problems were. ² More details are given below.
- *After-Divorce Explanations.* One study, which was based on a nationally representative sample of American adults, asked couples to report the causes of their divorce. The study found that only 2 percent of previously divorced individuals said that financial problems were an important cause of their divorce. Similarly, in another study, only 11 percent of husbands and 8 percent of wives reported financial problems as one of the most common problems in their relationship. ³



- *Predicting Eventual Divorces.* However, when researchers examined what factors eventually predicted divorce — rather than asking divorced individuals to provide explanations for the end of the marriage — financial problems emerged as a strong and consistent predictor. (These problems accompanied jealousy, infidelity, and drinking/drug use as the strongest predictors of divorce.) When an individual felt that his or her spouse handled money foolishly, the odds of eventual divorce more than doubled. Not only were financial problems a strong predictor of divorce, but couples who mentioned financial problems as a problem also were more likely to divorce quicker than were couples who mentioned other problems.⁴ And disagreements about finances appeared to be an important predictor of divorce for both men and women.⁵
- *Lower-Income Americans.* Some of the studies on finances and marriage had difficulty including samples of lower-income Americans, so financial problems may be even more important than the research has found. Lower-income individuals appear to be much more likely to list financial problems as a cause of their divorce. This result is consistent with the finding that African Americans, who generally have lower incomes than do whites, were twice as likely to say that finances were a problem in their marriage than were whites.⁶ In contrast, higher-income individuals were much more likely to say relationship problems (e.g., poor communication) were a cause of their divorce, rather than financial problems or other practical considerations.⁷
- *Greater Stress.* Financial problems are associated with increased levels of stress for spouses, decreased levels of marital satisfaction, and troubled feelings about failing as a breadwinner. Thus, the elimination or resolution of financial problems contributes to happier marriages.⁸ However, other kinds of stress can have an important effect on marital satisfaction as well. A study of a random sample of adults in Utah measured the impact of financial stress and three other kinds of stresses on marital quality: stress in one's home life (e.g., daily stresses around the house); stress caused by relatives (e.g., relationships with in-laws or family members); and stress caused by the number of children. The study found that while financial stress decreased marital quality, its impact was not nearly as strong as that of daily stress in one's home life.⁹
- *Hostility.* Financial problems (e.g., low income and/or strong economic pressures) seem to increase individuals' levels of hostility toward their spouses, which in turn, decreases marital satisfaction and increases the sense of marital instability (i.e., couples thinking that they might get divorced). And generally, greater levels of marital instability are associated with a greater risk of divorce.¹⁰
- *Income Changes.* An increase in either spouse's income seems to reduce the risk of divorce, whereas loss of income increases that risk.¹¹ The effect of job loss on the risk of divorce is two-to-three times stronger for African American couples than it is for white couples, perhaps because African American couples tend to have fewer financial resources with which to buffer the stress of losing a job.¹²
- *Buffering Financial Stress.* In the face of financial stress, several factors help to lower levels of marital conflict and distress, such as effective couple communication and problem solving, solid social support from family and friends, and good emotional health.¹³
- *Summary.* Not many people who have divorced say that financial problems were a big reason why they did so, but research on what predicts eventual divorce shows that economic stress and financial problems increase the odds of divorce. The link between economic stress and divorce appears to be stronger for lower-income couples. Financial stress appears to lead to more hostile



interactions between spouses, which decreases marital satisfaction. Effective couple communication helps to buffer financial stress so that it does not harm the marriage. More research on this topic is needed, however, particularly as it relates to lower-income families.

Q2. Do financial problems affect marriages early on, or do these problems emerge later?

A2.

- *From the Beginning.* Financial problems affect marriages from the very beginning of the marriage. Financial patterns established in the first two years of marriage can foreshadow a couple's long-term prospects more than a decade later. ¹⁴ One study found that the initial division of responsibilities for handling family finances in the first few months of marriage was related significantly to subsequent marital satisfaction and divorce. Establishing a fair and equitable pattern of handling money early in marriage appears to be important for the quality and stability of the marriage. ¹⁵
- *Newlyweds vs. Longer-Married Couples.* Financial issues may be most stressful on newly married couples. In one study, couples who had been married less than a year were asked about the most problematic areas in their marriage. Debt brought into marriage was the most problematic area reported by wives and the second most problematic area reported by husbands. Also, making decisions about finances was another commonly reported problem among these newlywed couples. ¹⁶ Other studies that examined couples married five years or less found similar results. Debt and the current financial situation (e.g., income, monthly expenses, savings, etc.), were common concerns. ¹⁷
- *Summary.* The research on financial problems in marriage finds consistently that financial problems can affect marriages negatively in the earliest years of the marriage. This finding suggests that individuals often bring financial problems into their marriages. It also suggests that learning good money management skills before marrying is an important way to prepare for a successful marriage.

Q3. How does a person's financial background or current financial situation affect his or her chances of marrying?

A3.

- A person's financial background and financial situation can affect his or her chances of marrying in several ways. Below are some of the research findings on this question. The answers are somewhat different for men and women and for higher- and lower-income individuals.
- *Men's Earnings, Prospects.* Men with higher earnings, better and more secure jobs, and stronger economic prospects are more likely to marry. ¹⁸ Men's employment, earnings, and prospects matter even more for African American women in deciding to marry, compared with white women. ¹⁹
- *Men's Regular and Legal Earnings.* For lower-income women, the total income that a man can generate is clearly an important factor in their decisions to marry. But so are other financial factors, such as having regular earnings, the effort a man expends finding and keeping work, and the source of a man's income (legal vs. illegal). ²⁰



- *Women's Earnings.* Women who have higher earnings — and who have higher earnings potential — are more likely to marry, compared with less advantaged women.²¹ But the positive effects of women's earnings on their chances for marriage are not as large or as consistent as are the positive effects of men's earnings on men's chances for marriage.²² Similar to findings for men, women's income is more important in predicting marriage chances for African American women than it is for white women.²³
- *Women's Economic Independence.* Women's growing economic independence and commitment to education and career in early adulthood generally delay the age at which women marry. However, greater education is still associated with a greater likelihood that they will marry eventually.²⁴
- *Family Pressures.* Single mothers who contemplate marriage to lower-income men often do not marry them because family members and friends convince these women that such a marriage would collapse under economic strain.²⁵
- *Women's Compromises.* African American women who hope to marry a man with enough money to enable them to live comfortably and respectably may be more willing than are white women to compromise on other desired factors in a spouse. This willingness may reflect African American women's perceptions that their chances of finding a marriage partner with sufficient economic resources are lower than are the chances of their white counterparts.²⁶
- *Women's Public Assistance.* Women who have spent more time receiving public assistance and who have lower incomes are less likely to ever marry, and these factors are stronger predictors of never marrying than is education level.²⁷

Q4. *When a husband and wife both earn an income, do they have a higher or lower risk of divorce?*

A4.

- *It Depends.* The number of two-income couples has increased substantially over the past few decades. The research on how wives' income influences the odds of divorce has produced some inconsistent findings, but recent research has made the relationship between these factors clearer. That research shows that the effect of wives' income depends on wives' happiness and how much wives make compared with their husbands' earnings.
- *Marital Satisfaction.* If wives are not particularly satisfied with their marriage, then their income appears to increase the odds of divorce, probably because the income gives them more independence to leave an unhealthy or unsatisfactory relationship. Among happily married wives, their income does not seem to increase the odds of divorce.²⁸ One study suggested that if wives perceived that their marriages were in trouble, they either sought employment or tried to increase their work hours, perhaps trying to establish a more secure financial footing if a divorce were to occur.²⁹ In two-income families, the higher the husbands' earnings, the lower the odds of separation or divorce appear to be. But when the husband's earnings are low, a wife's earnings seem to play an important role in reducing the chances of divorce, if she is happy with the marriage.³⁰
- *Equal Incomes.* If wives earn substantially more or less than their husbands, then divorce is less likely. But if wives earn about the same as their husbands, this situation seems to increase the odds of divorce, especially when these wives are less happy in their marriages. One possible



explanation for this interesting finding is that couples in which wives and husbands earn about the same are less dependent on each other, compared with couples in which one earns substantially more than the other (usually husbands earn more than wives). And when this reduced dependency is combined with unhappiness in the marriage, the ties that bind spouses together are weaker.³¹

Q5. Are there some specific financial practices that are associated with healthier marriages?

A5.

- **Savings, Investments, and Debt.** Greater savings and investments reduce feelings of financial pressure, which, in turn, decreases marital conflict. In contrast, greater financial debt increases feelings of financial pressure, which, in turn, increases marital conflict.³²
- **Sharing and Specialization.** It seems logical to many people that if wives and husbands share financial management responsibilities, they will have healthier marriages. One study found that in happier couples, wives had significant influence in financial matters, such as withdrawing cash, paying bills, and managing expenditures. However, this study also found that while husbands and wives in happier marriages both took part in the couple's financial management decisions, they generally practiced role specialization. Role specialization occurs when each partner helps manage the finances, but each specializes in different aspects of the finances. For example, one spouse may be in charge of paying the monthly bills and buying groceries, while the other spouse may be responsible for deciding how surplus money is spent and balancing the checkbook. It should be noted, however, that this study is now more than 20 years old.³³
- **Home Ownership.** Owning a home significantly reduces the risk of divorce for couples married more than 10 years. Home ownership may reflect a confidence and an investment in the marriage; it also means higher potential financial losses if the marriage dissolves. Homeowners face risks for divorce that are substantially lower (by roughly one-third) than are the risks faced by other couples who do not own a home. Of course, couples at high risk for divorce may avoid expensive investments, such as the purchase of a home.³⁴
- **Early Practices.** How couples decide to handle financial matters in the first few months of the marriage can have an impact on the quality of their marriage down the road. Establishing fair and equitable financial practices at an early stage in the marriage is another valuable pillar in the foundation of a healthy marriage.³⁵

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