

FINANCIAL MANAGEMENT EDUCATION FOR REMARRIED COUPLES

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This article describes the financial challenges facing couples who remarry and suggests ways that financial educators can incorporate this information into their educational programs. Suggestions for an adult education workshop and a list of educational resources are provided.

Demographics of Remarriage

Two-thirds of young couples marrying today are likely to experience divorce or separation [11]; however, about 75 percent of divorced persons remarry. In the coming decade, the number of divorces and remarriages is expected to increase. In 1980, one or both persons were remarried following a divorce in 9 million or 20 percent of the 45 million married couple households in the U.S. [3]. Due to an increase in cohabitation following divorce, many unmarried couples also face challenges similar to those of remarried couples.

Finances as a Challenge in Remarriage

Problems in remarriage are often different from those in first marriages. Studies have confirmed that children and money are two major problems facing couples who remarry [1,9,12]. One study [1] found that 37 percent of remarried respondents listed money as the number one concern in their current marriage; they ranked it fourth in their previous marriage.

Financial decision making is more complex in remarriage for a variety of reasons. Many of the problems experienced by remarried couples relate to the combination of finances, children, and former spouses in relation to child support obligations. In addition, couples and their children may be at different stages of the life cycle. Incorporating people and financial management styles from two different households makes resource allocation decisions more troublesome in a remarriage than in a first marriage [6,10,12].

Messinger [12] was one of the first researchers to direct attention to the financial challenges of remarriage. Among the 70 remarried couples in her study, many of the women were concerned about the financial burden their children placed on their new spouses. Some admitted to hiding some of their financial assets so they would have resources in the event of another divorce. In addition, some women

had a difficult time sharing financial decisions after a period of single parenthood during which they held sole authority. Many of the men felt torn between the financial demands of two families. Some husbands delayed revising their wills, life insurance, and property titles.

Messinger [12] found that in her middle-class sample the financial problems in remarriage were almost exclusively related to ties to a former spouse rather than to a dearth of resources. The need to communicate with a former spouse regarding finances, particularly child support, was a continuing source of conflict. Messinger concluded that finances were a sensitive and unresolved issue for many of these couples; some of their actions revealed a fear of committing to the new marriage.

Child Support

The undependable nature of child support is a frequent source of uncertainty for remarried couples since many divorced fathers do not pay child support. When awards are made, they are often inadequate and the value declines over time with inflation [15]. In addition, custodial parents can expect a decline in compliance with child support orders over time.

While many divorced fathers abandon their financial responsibilities to their children, for others remarriage means assuming financial obligations for additional family members. Finances become more complex when a remarried father meets his child support obligations, but the father of his stepchildren does not.

Merging Versus Pooling Resources

Adjustment to successful stepfamily living proceeds gradually through stages toward the goals of family adjustment and integration [14]. Economic integration is one of the most difficult developmental tasks in the transition to remarriage [8]. Remarried couples face many decisions related to the distribution of economic resources among family members, including those who share the household for only part of the year and those living in other households.

Fishman [6] found that one-half of a small sample of remarried couples merged their incomes in a common pot financial system similar to the nuclear family model. The other half used a two pot system in which each spouse controlled his/her own income while contributing to household expenses. Subsequent research with a much larger and more diverse sample found that very few couples used a two pot system; the nuclear family model of merging finances was predominant [5].

Very few couples discussed finances prior to remarriage; individuals whose money problems had contributed to their divorce were least likely to discuss money before remarriage [9]. Successful couples followed a variety of money management methods. Common practices cited by the successful couples included joint decision making, good communication, use of a spending plan, and trust in and respect for each other [9]. These practices are not unique to remarriage but are components of any successful marriage.

Implications for Educators

Remarried couples are not homogeneous and research in the financial aspects of remarriage is in its infancy. However, existing knowledge suggests that couples who are remarried or planning a remarriage are likely to benefit from financial management education directed at their unique concerns.

Principles of financial management and the dynamics of remarriage are the key ingredients of a successful educational program on preparation for remarriage. Important topics for a workshop include: the dynamics of remarriage, financial goals for the new family; communication; housing choices (psychological and financial aspects); separate or merged incomes and accounts; types of property ownership, wills, and estate plans; and child support [2,4,7,10,13,14]. Virtually all participants with children will have questions regarding child support; a speaker from the state child support collection office may be appropriate.

As part of the workshop, couples should prepare income statements and balance sheets to assist in developing a joint spending plan. The balance sheet will help participants to identify assets such as life insurance policies and pensions; a discussion about whether beneficiaries should be changed might follow. The spending plan can be used to facilitate discussion of child support and alimony obligations and any informal agreements regarding college expenses. Important questions to be discussed would include: How will child support be spent? Will these funds be considered part of the family budget or allocated specifically to the needs of the children? Materials for educational workshops are readily available [2,4,10,13].

A chapter of the Stepfamily Association of America and other support groups in the area may prove to be important resources in developing and conducting a workshop. The Stepfamily Association provides reading lists and sells books on remarriage and stepfamilies. A local librarian could help to develop a list of resources available in public libraries. Workshop participants would also benefit from learn-

ing about attorneys, family therapists, and other professionals who specialize in meeting the needs of remarried couples.

Although financial management education for remarried couples is most appropriate in adult education, high school and college instructors can also play a role. The topic can be introduced in the classroom during discussion of family life cycle and other individual differences that affect financial decisions. The topic might be introduced by asking students how many have parents or other close relatives or friends who are divorced or remarried. Virtually none of the students will be able to disassociate themselves from the subject. Yet many personal finance textbooks do not explicitly recognize the unique financial situation of these families.

References

Items marked with * would be valuable resources for developing a workshop.

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Editor's Note

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THE ROLE OF CONSUMER EDUCATION IN THE SOCIAL STUDIES LEARNING ASSESSMENT PLAN

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In the Summer of 1985, the Illinois General Assembly enacted an extraordinary package of legislation affecting education — Senate Bill 730. This new law incorporated 169 separate legislative actions which, taken together, were intended to revitalize education in Illinois. The new legislation includes several statutes which shift the focus of schooling from a concern for time (grades, classes, courses, time requirements) to one for what students should know and be able to do as a consequence of their school experience. For the first time in Illinois history, the law clearly spells out the primary purpose of schooling as "the transmission of knowledge and culture through which children learn in areas necessary to their continuing development."

The law identifies six essential areas of learning — language arts, mathematics, the biological and physical sciences, social sciences, fine arts, and physical development and health. State goals for learning are identified for each area. The state goals are broadly stated, relatively timeless expressions of what the State of Illinois expects its students to know and be able to do as a consequence of their elementary and secondary schooling. The goals are terminal ones — that is, they identify what students are expected to know by