



Elevate

Center for the
New Middle Class

Marriage and Money

January 2018

Elevate



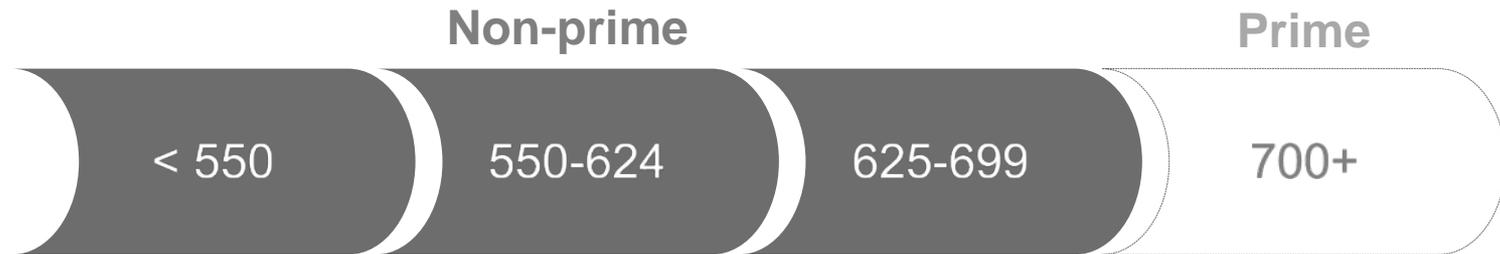
Introduction

The broad discussion in many circles about the plight of the non-prime consumer often uses assumptions about how these consumers think, what matters to them, and even what would be good for them. However, there is limited data that really explains their circumstances.

Elevate's Center for the New Middle Class set out to understand the differences in attitudes, experiences and behavior between consumers with prime credit and those with non-prime credit.

This study represents results from a survey of 1035 married U.S. consumers (528 with prime and 507 with non-prime credit scores). Interviews were conducted November 30 through December 4, 2017.

Non-prime Americans



“Non-prime Americans” represent the New Middle Class. These are Americans with a credit score below 700, meaning that their access to credit is limited or curtailed. Non-prime is also often further divided into “near prime,” “sub-prime,” and “deep sub-prime.”

It is the Center’s objective to better understand non-prime experiences, attitudes, and behavior.

The following report seeks to understand money management in marriage between prime and non-prime consumers. (Individuals in domestic partnerships were included.)

Executive Summary

There are four dimensions to the management of money in marriage: understanding, compromising, intractability, and dependence. (slide 31)

21% of marriages exhibit behaviors of unhealthy financial partnership (slide 32)

Trust, money and marriage

- 24% of respondents were NOT confident that their partners didn't keep secrets from them
- The suspicion of secrets leads to distrust about their actions. The emotional load of keeping an eye on a partner's actions undermines the couple's progress. (slide 35)
- Trust in financial decisions isn't affected by perceived financial ineptitude as much as it is by the lack of trust in the relationship (slide 38)
 - In other words, I will trust you even if I think your stupid. I just won't trust you if I think you're dishonest.

Pressures

- 35% of couples experience financial stress very or fairly often
- 22% of couples say they have "too much" credit card debt; a third of non-prime couples have too much credit card debt
- 1 in 6 couples have needed to use credit to get by often and 1 in 4 non-prime couples do
- Millennial couples, even when they have prime credit, live in a world that looks more like they are non-prime. (The implication is that they are on the knife's edge and could tip either way.)

Executive Summary

Money arguments

- 18% of couples argue often about money
- However, the conventional wisdom that money is a cause of marital discord, may be misplaced. The reality is that money is another thing that arguing couples argue about. In other words, people who don't argue about other things, don't argue about money. People who argue about other things, also argue about money. (slides 24-25)
- When disagreements arise, people often see things slanted in their own view
 - They are more likely to overestimate their willingness to see things from their partner's point of view than the other way around (slides 22-23, 39)
 - They are more likely to value their own expertise and dismiss their partner's
- Couples with defined financial goals argue about money 32% less than those who do (slide 28)

Household factors

- Renters are more than twice as likely to experience frequent financial stress than home owners (slide 45)
- Non-prime couples are more likely to specialize in household chores and not share them equally (slide 46)
 - Non-prime men are significantly more likely than their prime counterparts to take the primary responsibility in what people traditionally consider "women's work" (slide 47)
- Nonprime households are significantly bigger than prime households: they have more kids and more elderly
 - More people in the household correlates to more frequent unexpected expenses.

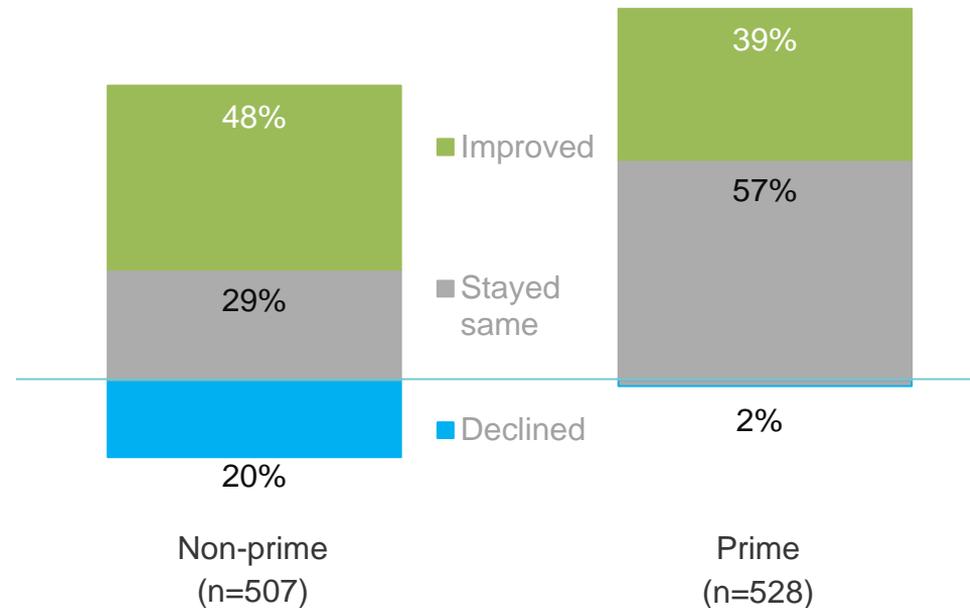
Credit ratings in non-prime marriages are unstable

Non-prime couples' credit is much more likely to be in flux compared to prime couples':

Almost half have experienced improvement.

One in 5 have seen declines.

Credit rating change
over the past 12 months

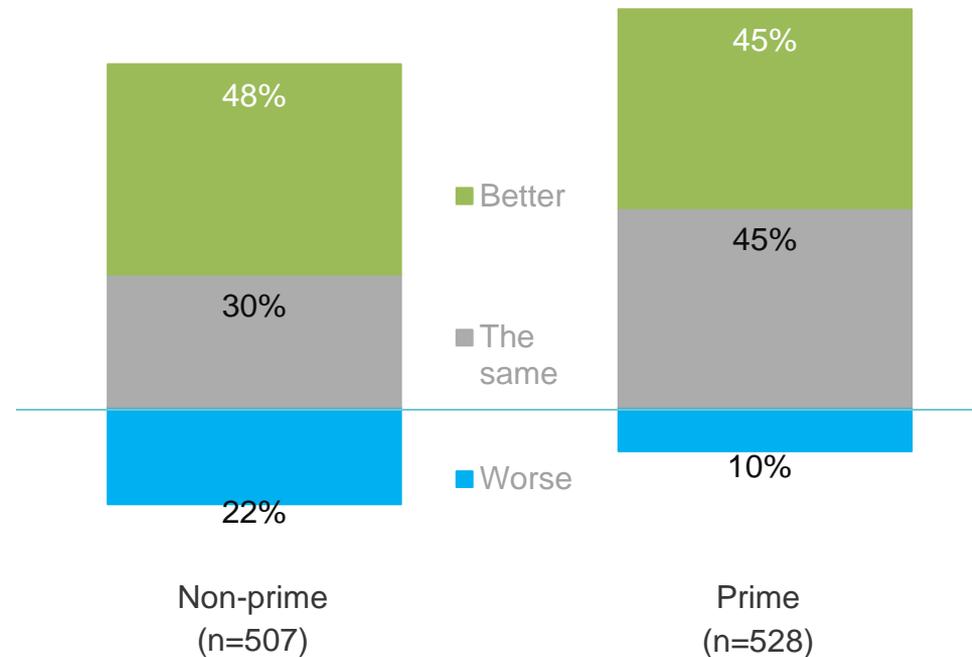


Q2. How has your personal credit rating changed over the past 12 months?

Source: Marriage and money, Dec. 2017

Financial situation in non-prime marriages are in flux

Change in financial situation
over the past 12 months



Non-prime couples' financial situation mirrors their estimation of their credit score.

More prime couples say that their financial situation has worsened, but it hasn't yet reflected itself in their credit score.

Q4. When you compare your current financial situation to a year ago, would you say it's...?

Source: Marriage and money, Dec. 2017

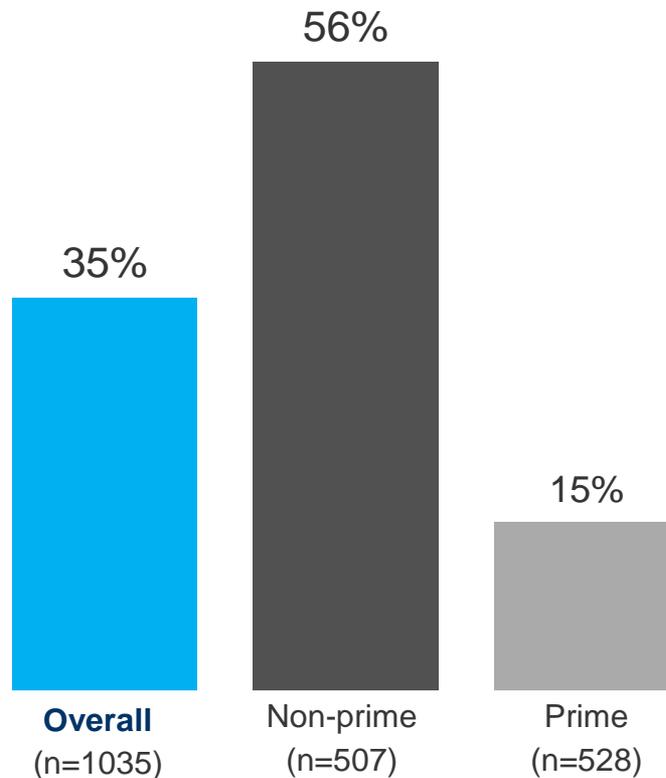
A third of couples say that they experienced financial stress very or fairly often in the last year

More than half of non-prime couples feel financial stress very or fairly often in the last year.

Only 1 in 6 prime couples reported often financial stress.

Experienced financial stress

% Top-2 Box: Very/ fairly often



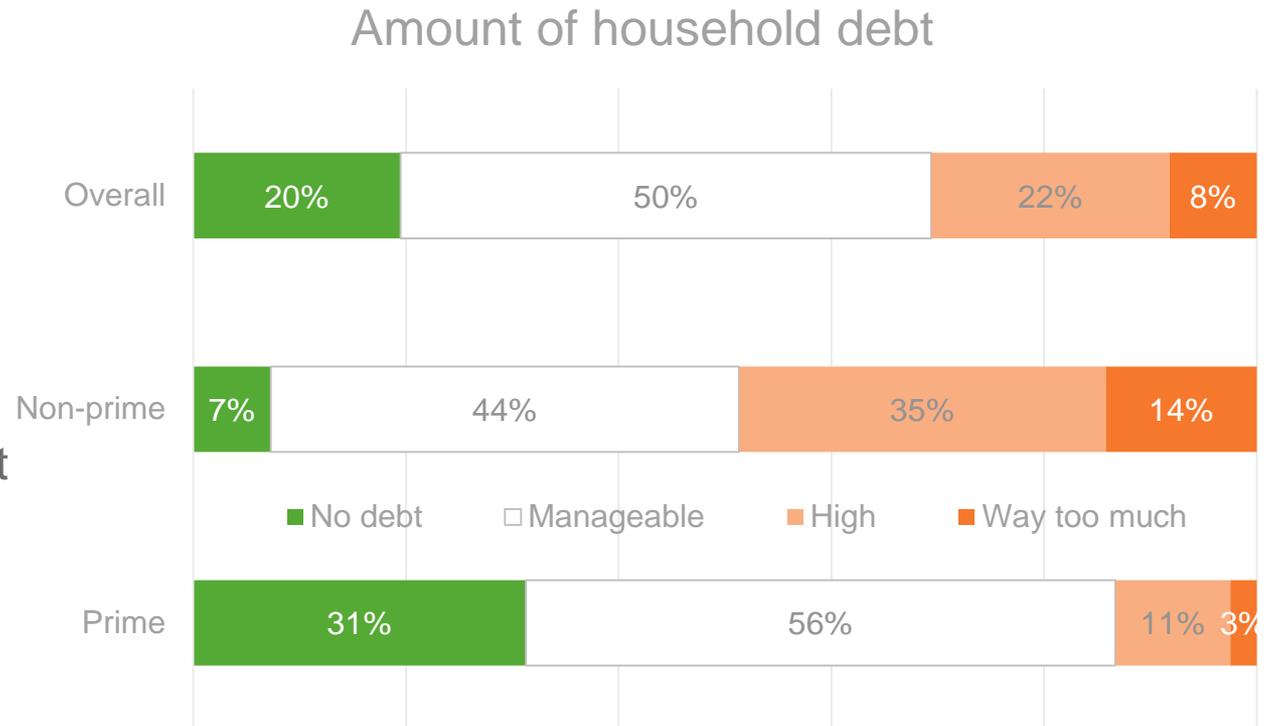
Q3. How often have you experienced financial stress over the last 12 months?

Source: Marriage and money, Dec. 2017

Half of non-prime couples feel they are burdened by an unmanageable amount of debt

Only 1 in 5 US households are debt-free.

Half of non-prime couples and 14 percent of prime couples feel their debt load is too high.

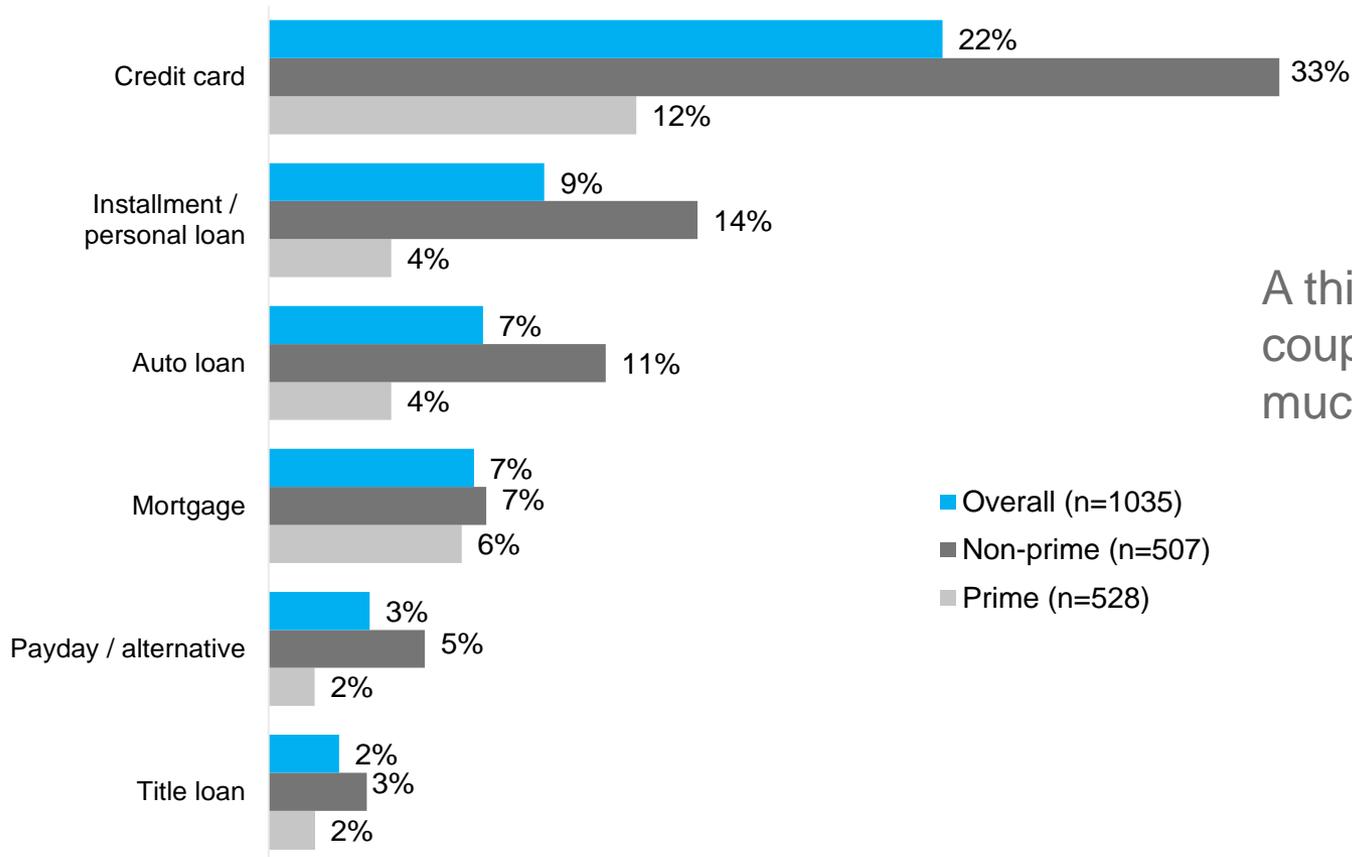


Q5. Which statement below best describes how comfortable you are with the amount of debt your household carries?

Source: Marriage and money, Dec. 2017

22% of couples say they have too much credit card debt

Percent of couples with “too much” debt
(by debt type)



A third of non-prime couples report having too much credit card debt.

Q6. How would you rate yourself on the following types of debt?

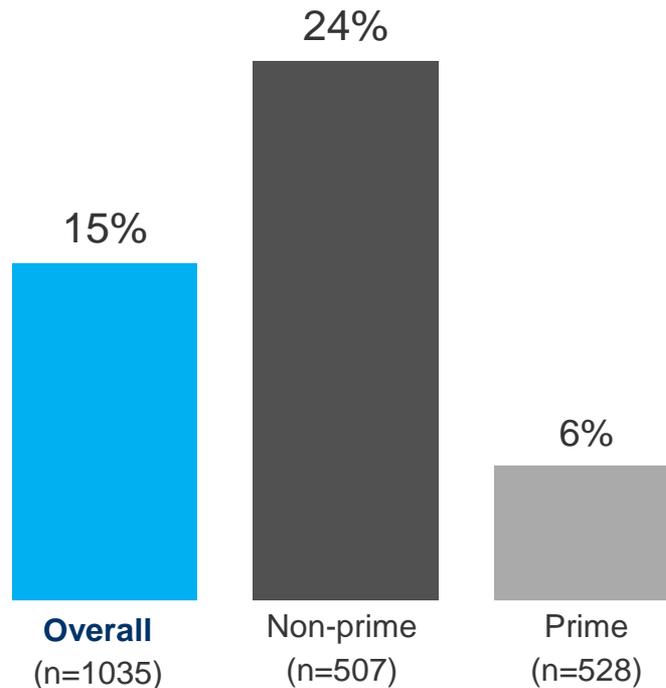
Source: Marriage and money, Dec. 2017

15% of couples often need to use credit to get by

Needed to use credit to get by

% Top-2 Box: Very/ fairly often

A quarter of non-prime couples often run out of money and need to use credit to get by.

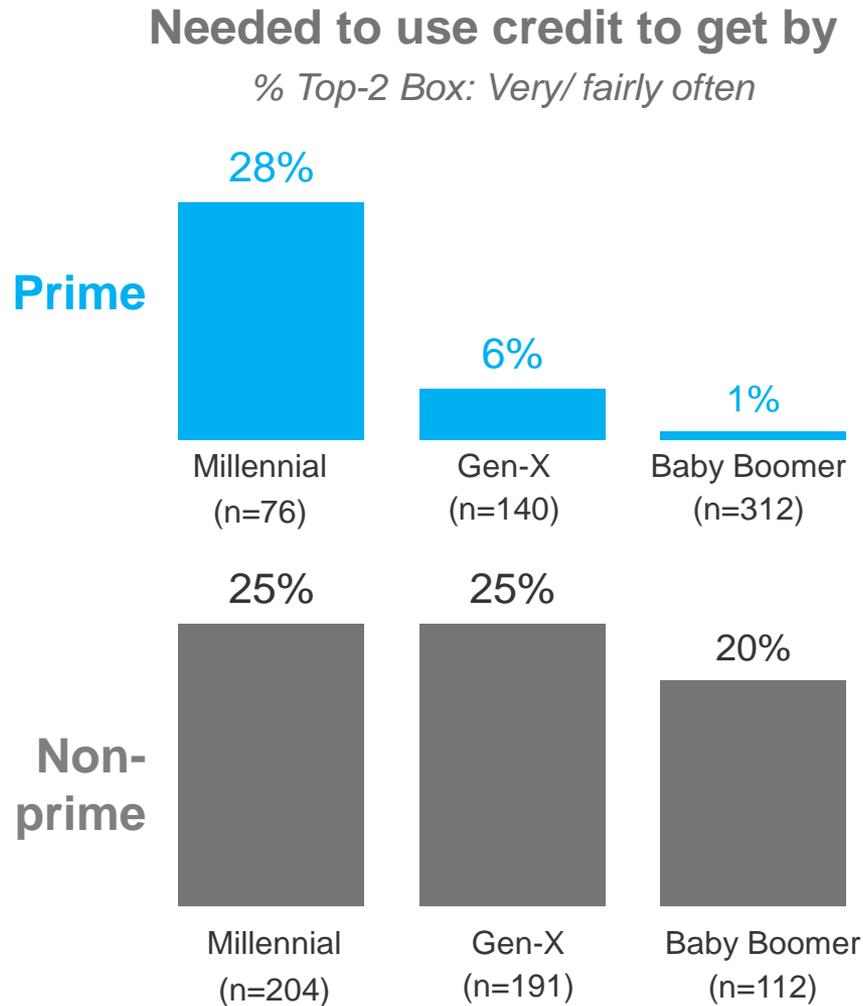


Q7R. Ran out of money and needed to use credit to get by - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine)

Source: Marriage and money, Dec. 2017

Younger couples and non-prime often need credit to get by

Using credit to make ends meet is common amongst the young and the non-prime.



Q7R. Ran out of money and needed to use credit to get by - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine); QS1. Please indicate your age.

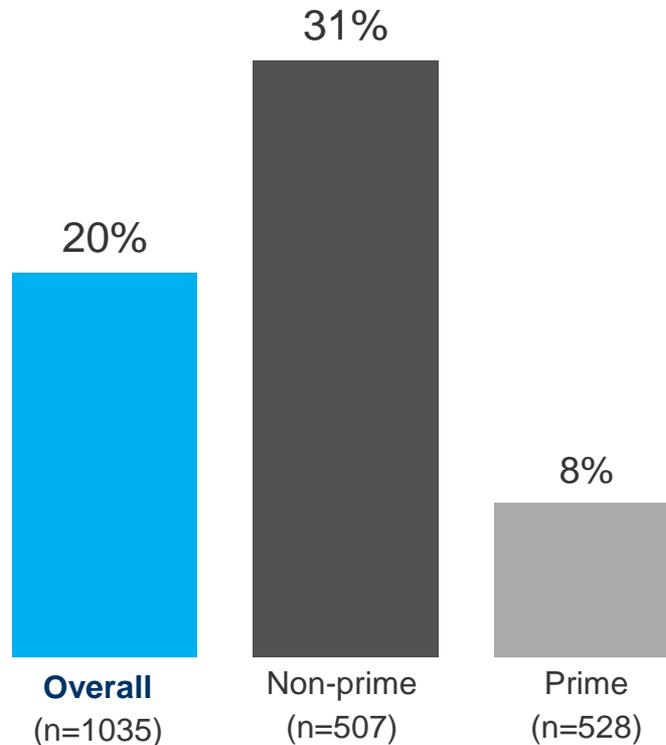
Source: Marriage and money, Dec. 2017

Unexpected expenses often disrupt non-prime finances

The key here is the disruption. Prime folks aren't less surprised by unexpected expenses. After all, a surprise is a surprise. Also, the threshold of a notable surprise is lower for non-prime, so more likely to appear.

Unexpected expense disrupted your finances

% Top-2 Box: Very/ fairly often



Q7R. An unexpected expense disrupted household finances - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine)

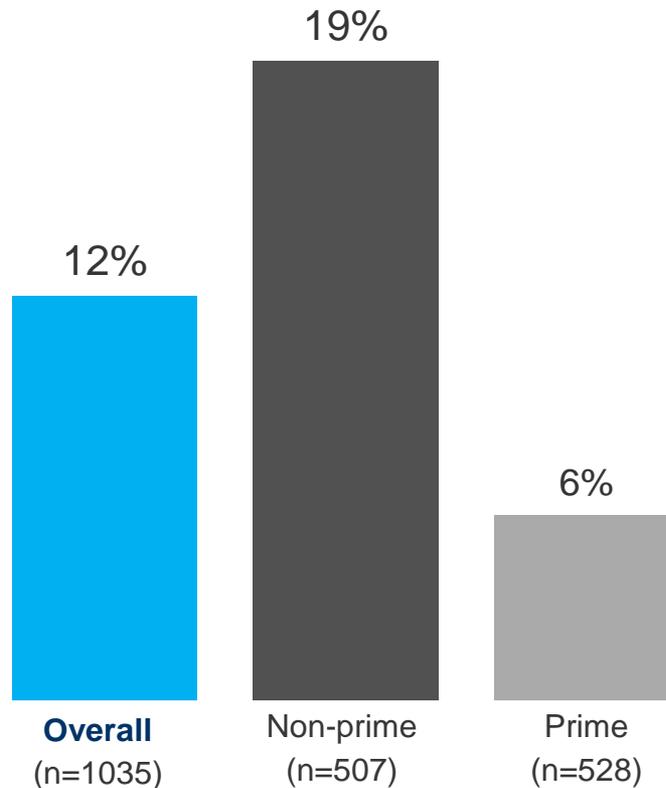
Source: Marriage and money, Dec. 2017

Unexpected expenses often disrupt non-prime finances

1 in 5 non-prime couples experience an unexpected drop in income often.

Experienced an unexpected drop in income

% Top-2 Box: Very/ fairly often



Q7R. Experienced an unexpected drop in income - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine)

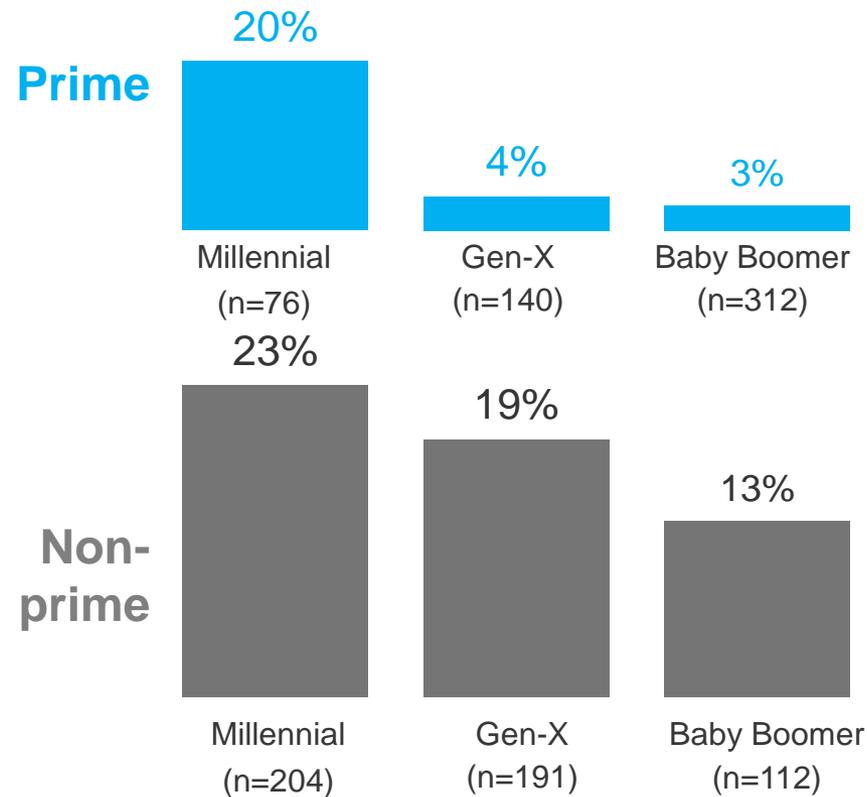
Source: Marriage and money, Dec. 2017

Younger couples and non-prime often experience a drop in income

Experienced an unexpected drop in income

% Top-2 Box: Very/ fairly often

The trend that is emerging is that young couples (regardless of whether they are prime or non-prime) embark in life looking a lot like non-prime people. How they learn to manage things will likely set them on the financial trajectory of their lives.



Q7R. Experienced an unexpected drop in income - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine); S1. Please indicate your age.

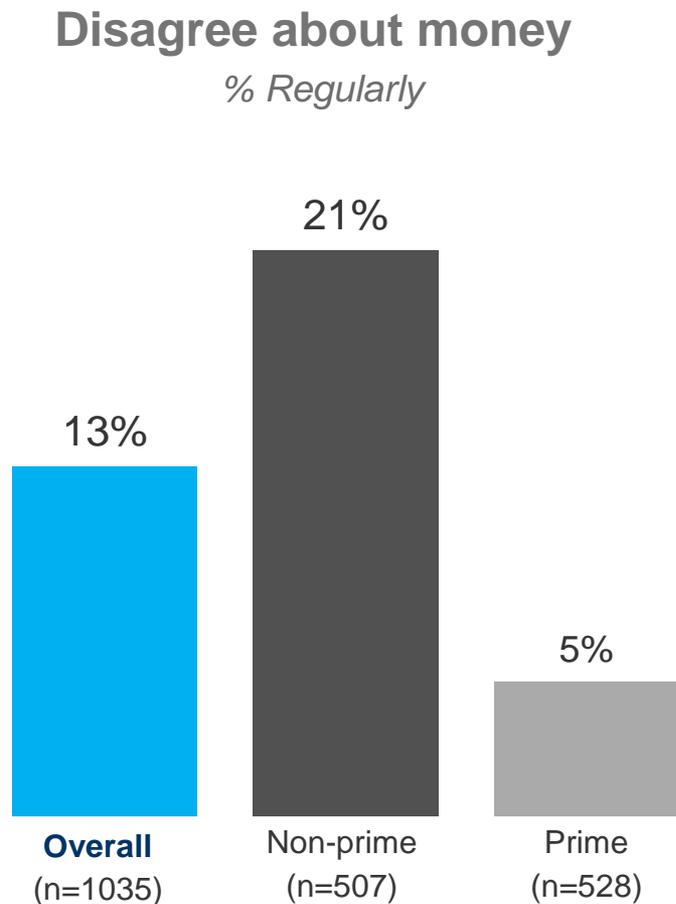
Source: Marriage and money, Dec. 2017



Finances and emotional support

Strained finances lead to disagreements

Non-prime couples are four times more likely to regularly disagree about money compared to prime couples.



Q14R. Disagree about money - How often do the following activities occur between you and your partner?

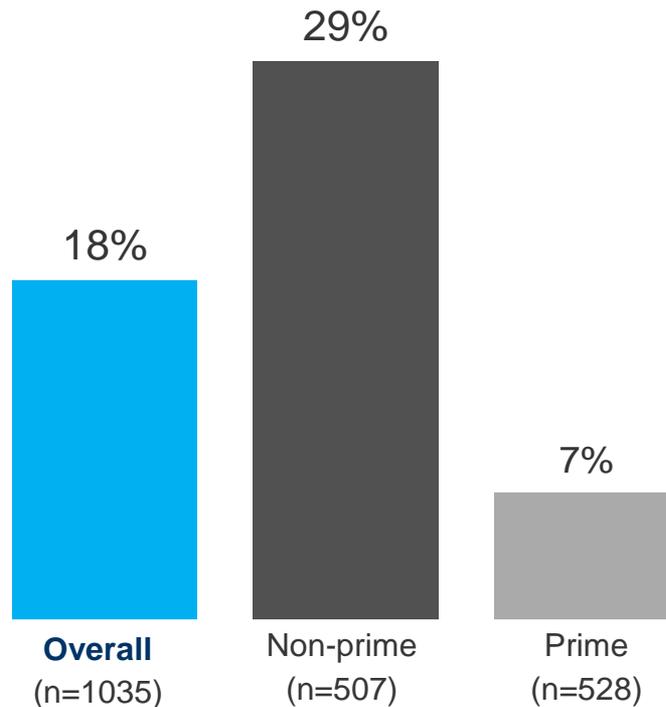
Source: Marriage and money, Dec. 2017

18% of couples say that they argued about money often in the last 6 months

Argued about money or household finances

% Top-2 Box: Very/ fairly often

Non-prime consumers are much more likely to argue about the household finances.



Q7R. Argued with your spouse/partner about money or household finances - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine)

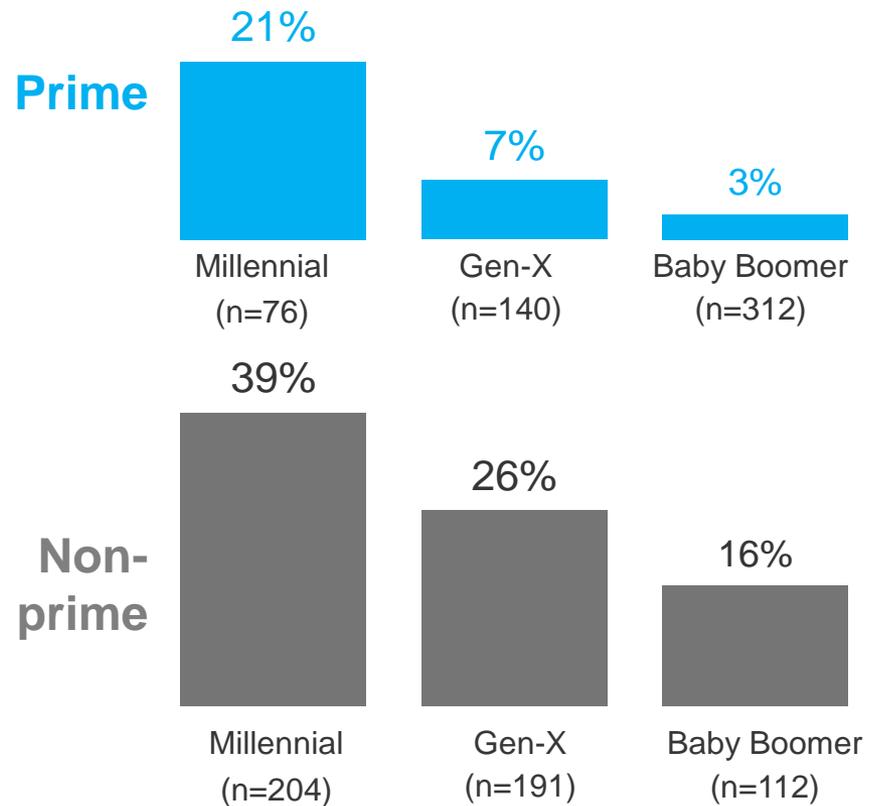
Source: Marriage and money, Dec. 2017

Younger couples argue about money more than older couples

Argued about money or household finances

% Top-2 Box: Very/ fairly often

Younger couples argue more regularly.



Q7R. Argued with your spouse/partner about money or household finances - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine); QS1. Please indicate your age.

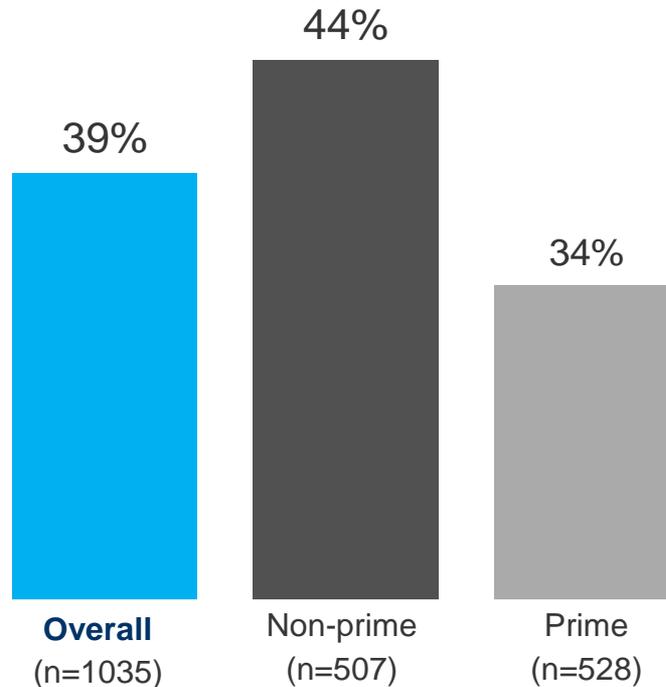
Source: Marriage and money, Dec. 2017

39% of couples discuss household finances regularly

Discuss household finances as a couple

% Regularly

Non-prime couples are 29% more likely to discuss finances regularly compared to prime couples.



Q14R. Discuss household finances - How often do the following activities occur between you and your partner?

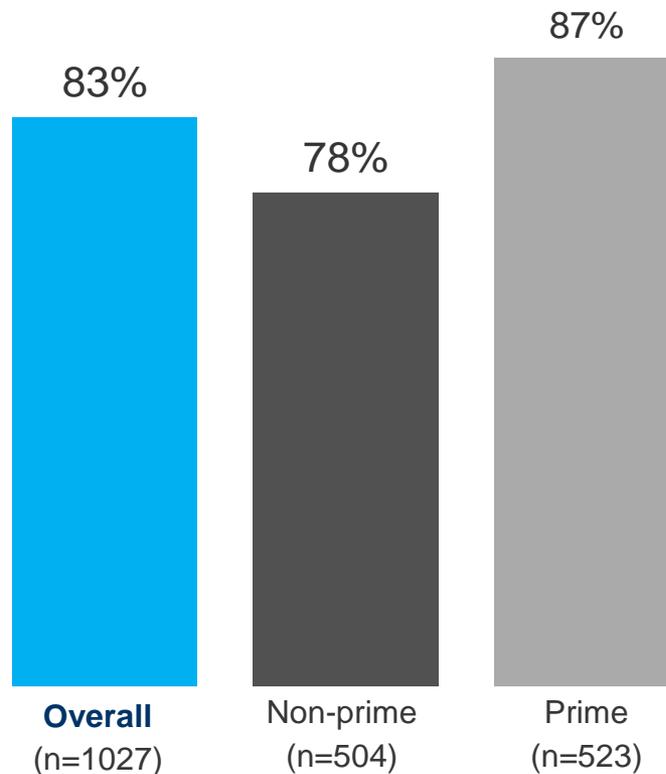
Source: Marriage and money, Dec. 2017

When arguments arise, prime couples are more likely to understand each other

Non-prime couples are 10% less likely than prime couples to agree that they understand each other after an argument about money.

We understand each other's position well

% Top-2 Box: Strongly / agree



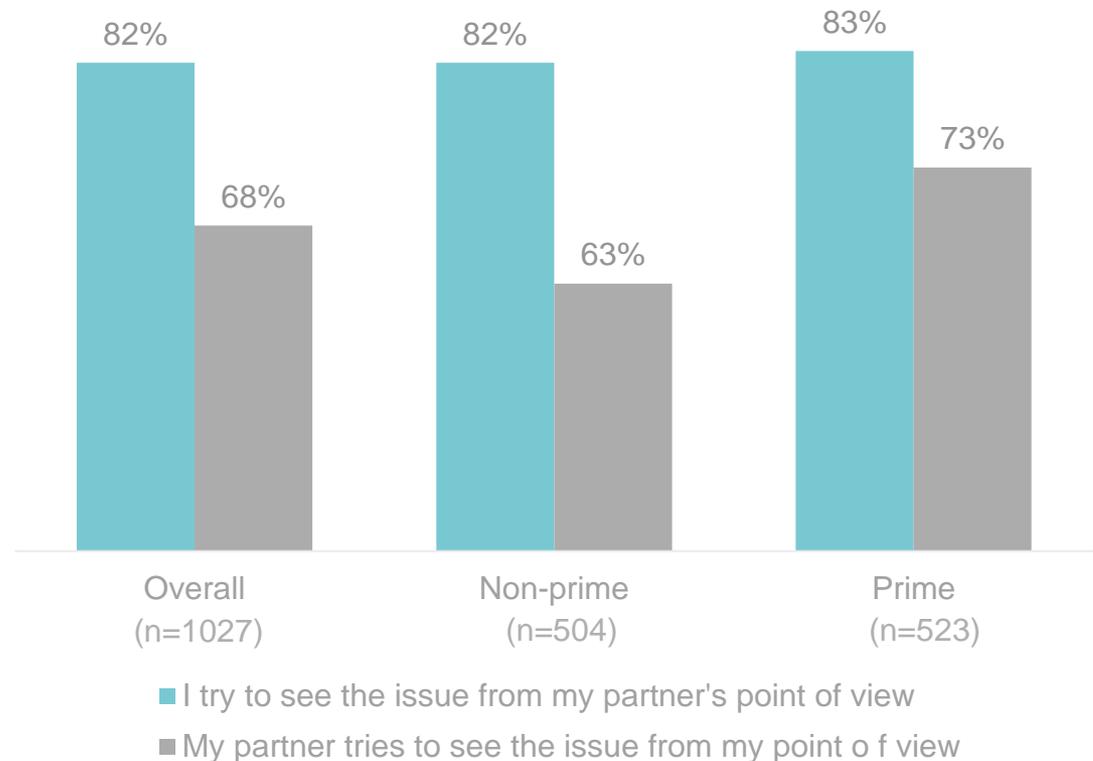
Q15R. We understand each other's positions well - How much do you agree or disagree with the following statements concerning disagreements you and your partner have about money and/or finances?

Source: Marriage and money, Dec. 2017

Empathy gap: the challenge of partners meeting each other halfway

We try to see each other's position

% Top-2 Box: Strongly / agree



Respondents are more likely to say that they try to see an argument from their partner's point of view than that their partner tries to see theirs.

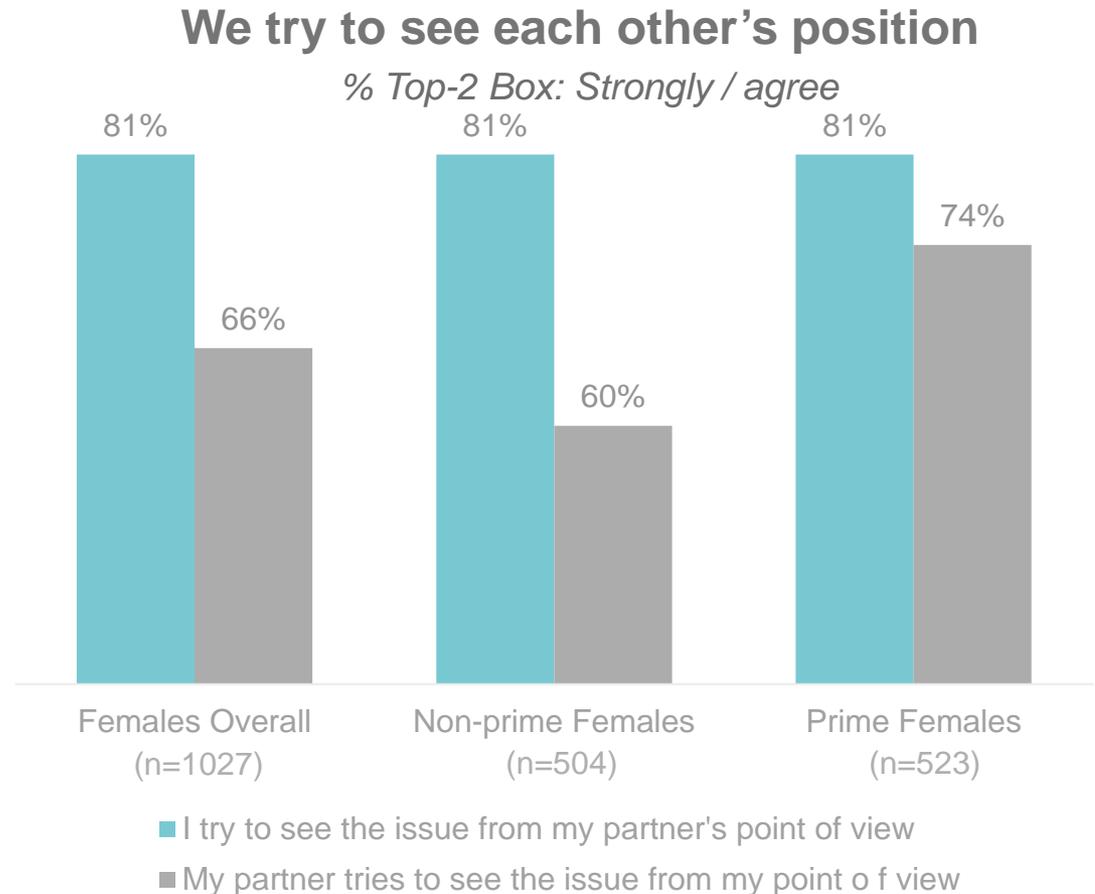
The gap is most acute for non-prime couples.

Q15R. How much do you agree or disagree with the following statements concerning disagreements you and your partner have about money and/or finances? "I try to see the issue from my partner's point of view" and "My partner tries to see the issue from my point of view"

Source: Marriage and money, Dec. 2017

Empathy gap: the challenge of partners meeting each other halfway is more acute for women

The empathy gap is more extreme for non-prime women who are much less likely to feel that their partner is trying to see their point of view.



Q15R. How much do you agree or disagree with the following statements concerning disagreements you and your partner have about money and/or finances? "I try to see the issue from my partner's point of view" and "My partner tries to see the issue from my point of view"

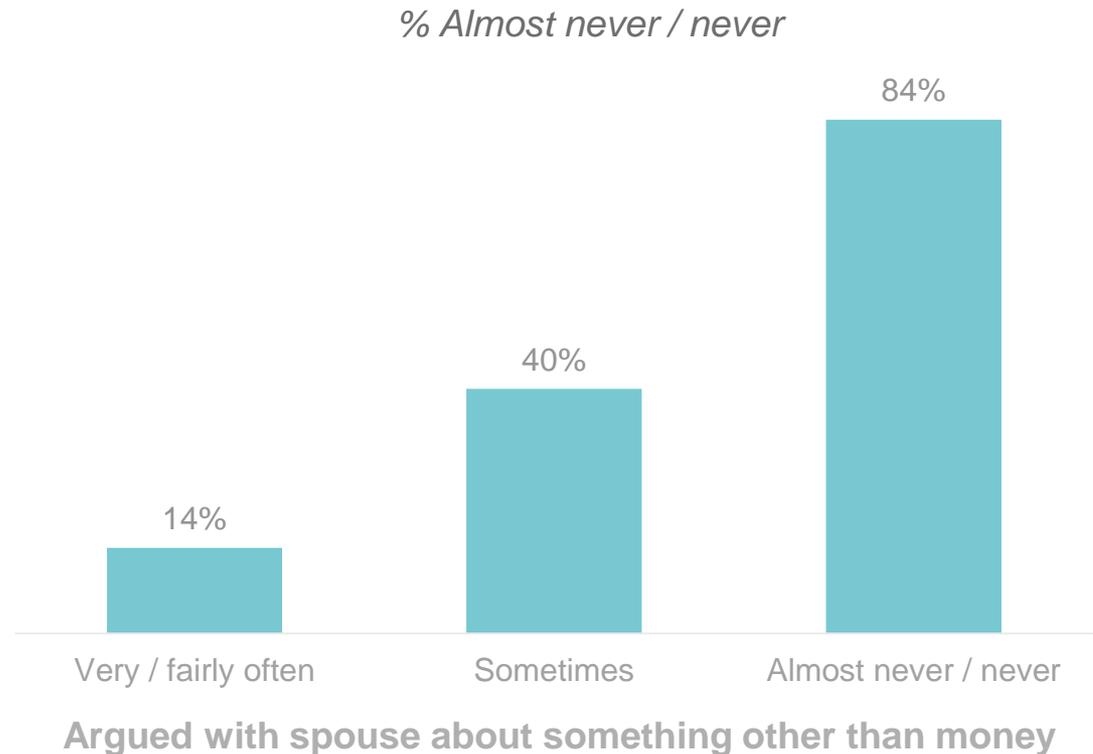
Source: Marriage and money, Dec. 2017

Arguments in marriage

It is often said that disagreements about money are a key source of marital discord. Money is just another thing that arguing couples argue about. If you don't argue about other things, you are not likely to argue about money.

Implication: couples should not look to blame troubled finances for their marital discord.

Argued with spouse about finances



n = 1035; Q7r2: Argued with your spouse/partner about something other than money - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine) * Q7r1: Argued with your spouse/partner about money or household finances - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine)

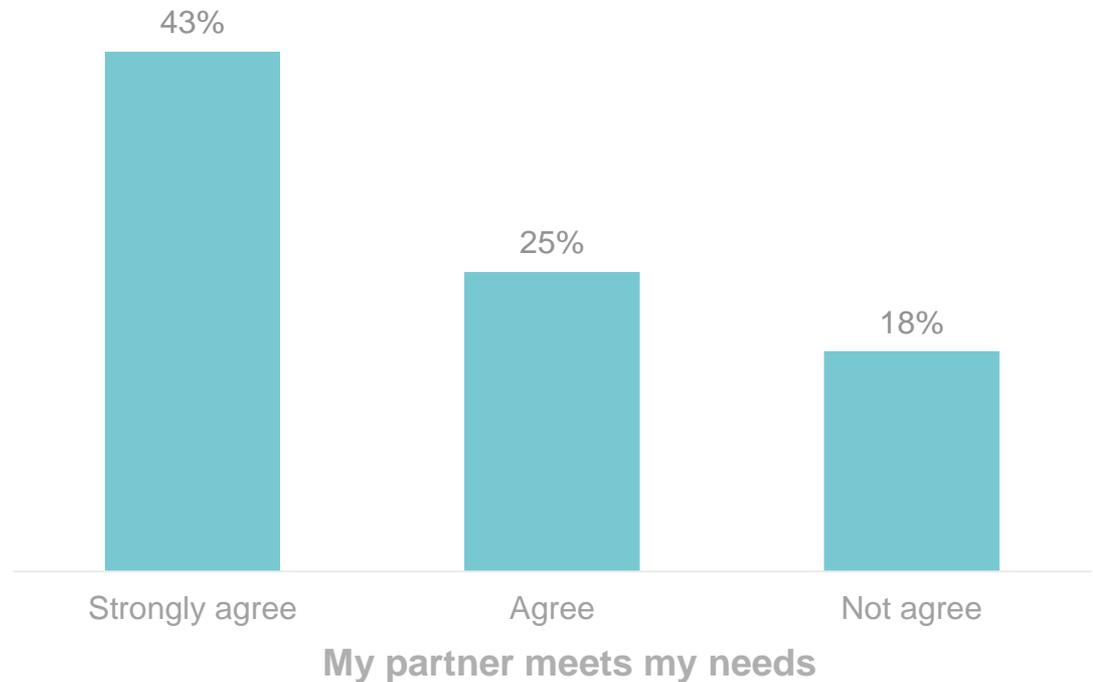
Source: Marriage and money, Dec. 2017

Emotional support in marriage correlates to not fighting about money

While causality is uncertain, it is possible that couples who emotionally support each other seem to feel less friction over financial decisions.

“Never” fight about money or household finances

% Strongly agree



n = 325; Q9r1: My partner meets my needs - How much do you agree or disagree with the following statements about your current relationship? * Q7r1: Argued with your spouse/partner about money or household finances - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine)

Source: Marriage and money, Dec. 2017

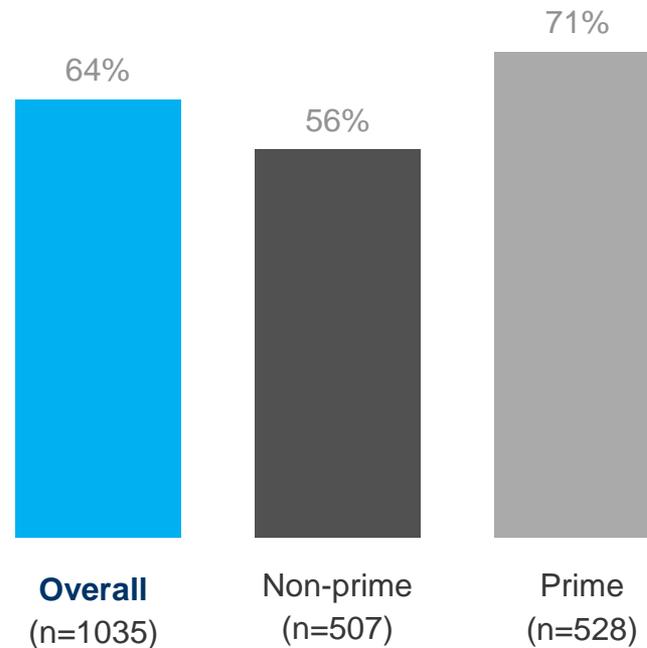


Financial goals and cooperation

Defined financial goals

Prime couples are 27% more likely than non-prime to have defined financial goals.

Have defined financial goals



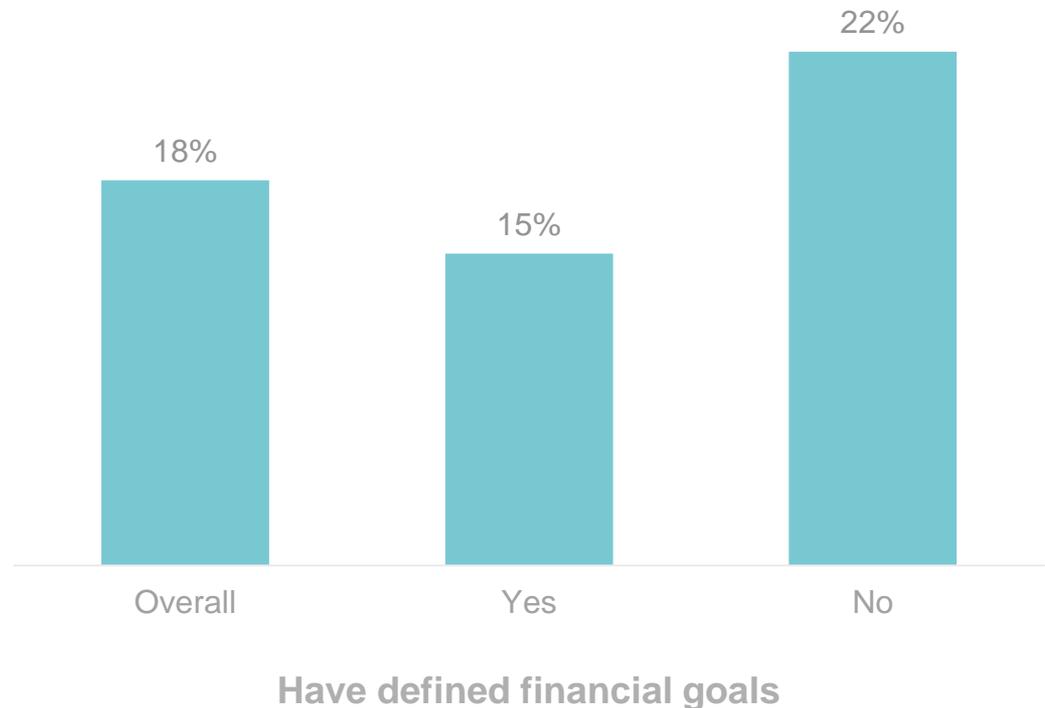
n = 1035; Q18. Do you and your partner have defined financial goals?

Source: Marriage and money, Dec. 2017

Financial arguments and financial goals

Argue about money or household finances

% Very / fairly often



Couples who have defined financial goals are 32% less likely to argue about money.

n = 1035; Q9r8: My partner and I have a relationship built on honesty - How much do you agree or disagree with the following statements about your current relationship? * Q9r9: I trust my partner makes the right decisions when I am not involved - How much do you agree or disagree with the following statements about your current relationship?

Source: Marriage and money, Dec. 2017

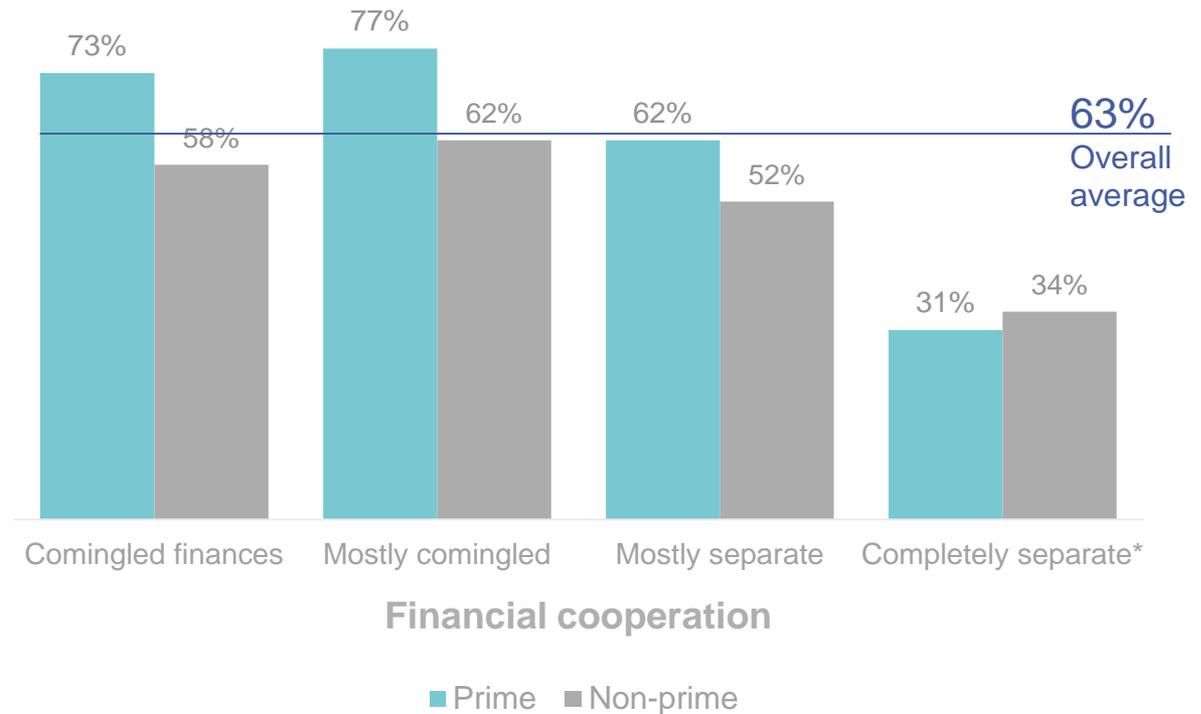
Financial goals and financial cooperation

Do you and your partner have defined financial goals?

% "Yes"

63% of American couples have defined financial goals.

Prime couples who comingle their finances (mostly or completely) are most likely to also have defined goals. Prime couples that maintain completely separate finances are the least likely.



Q18: Do you and your partner have defined financial goals? * Q20: Which best describes household finances between your partner and you?

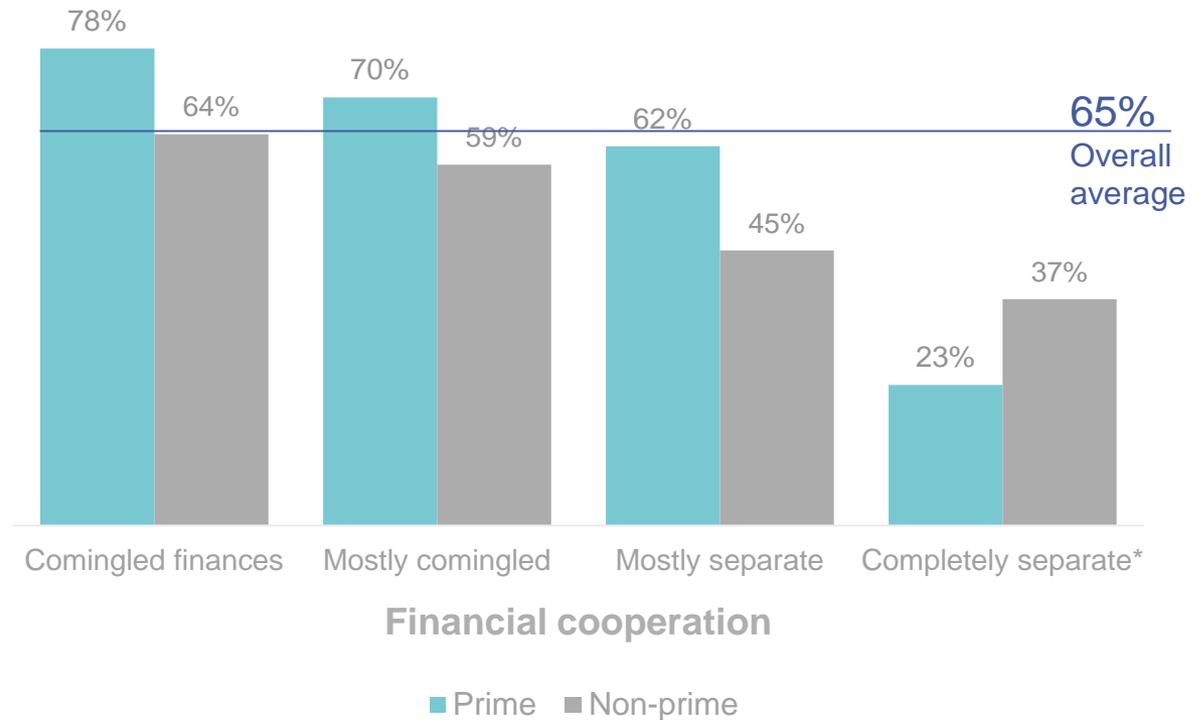
Source: Marriage and money, Dec. 2017

Understanding and financial cooperation

“My partner and I see eye-to-eye on household finances”

% Strongly agree / Agree

Couples who choose not to comingle finances need extra effort to ensure that they see eye-to-eye on household finances, especially if they are non-prime.



Q20: Which best describes household finances between your partner and you? * Q17r5: My partner and I see eye-to-eye on household finances - How much do you agree or disagree with the following statements?

Source: Marriage and money, Dec. 2017

Dimensions of financial attitudes amongst couples

Understanding

Strive for unity of purpose and decisions

Comfortable talking about finances; trust each other; and, being supportive (even in mistakes)

Compromising

Taking turns getting their way

Seeing from the other's perspective

Intractability

Either they get their way or I get my way

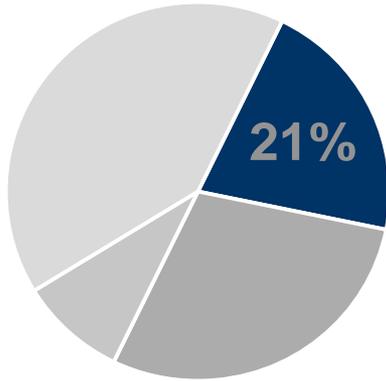
Dependence

Feeling of dependence on my partner when it comes to finances

Factor analysis of the statements in Q17 and Q15.

Source: Marriage and money, Dec. 2017

Unhealthy financial marriages



21% of marriages exhibit the behaviors of an unhealthy financial partnership

- Do not understand each other's position
- Do not “strongly agree” that they reach financial compromises
- Not comfortable talking with each other about finances
- Feels that their partner does not support their financial goals

This spills over into other aspects of the relationship

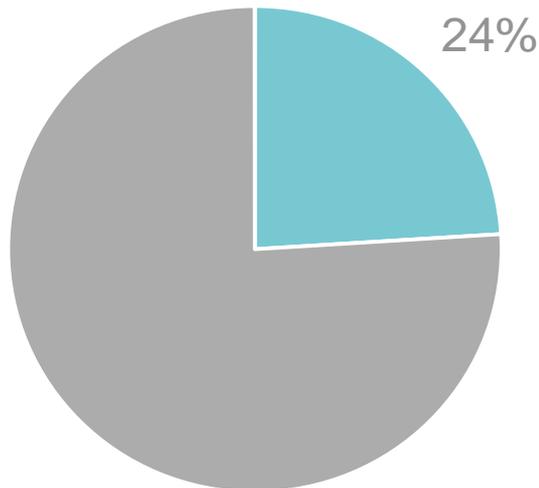
- Less likely to feel that their partner meets their needs
- Much less confident that secrets aren't kept
- Much less satisfied with the relationship



Marriage, trust, and finances

Secrets in marriage

Is *not* confident that their partner doesn't keep secrets from them



A quarter of respondents said they were with a partner they thought could be keeping secrets from them.

n = 325; Q9r10: I am confident that my partner doesn't keep secrets from me - How much do you agree or disagree with the following statements about your current relationship? * Q7r1: Argued with your spouse/partner about money or household finances - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine)

Source: Marriage and money, Dec. 2017

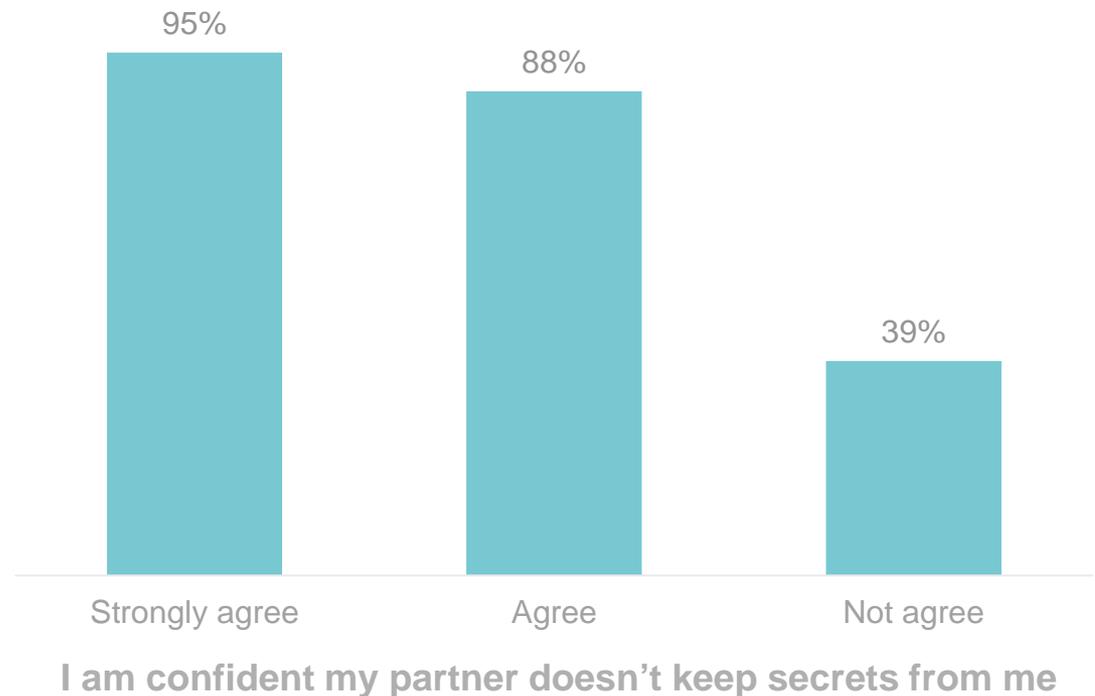
Trust and secrets don't mix

Couples who feel their partners don't keep secrets from them are more significantly more likely to trust them to make the right decisions when they aren't involved.

(The emotional load of keeping an eye on a partner's actions can undermine a couple's progress.)

I trust my partner to make the right decisions when I am not involved

% Strongly agree



n = 1035; Q9r10: I am confident that my partner doesn't keep secrets from me - How much do you agree or disagree with the following statements about your current relationship? * Q9r9: I trust my partner makes the right decisions when I am not involved - How much do you agree or disagree with the following statements about your current relationship?

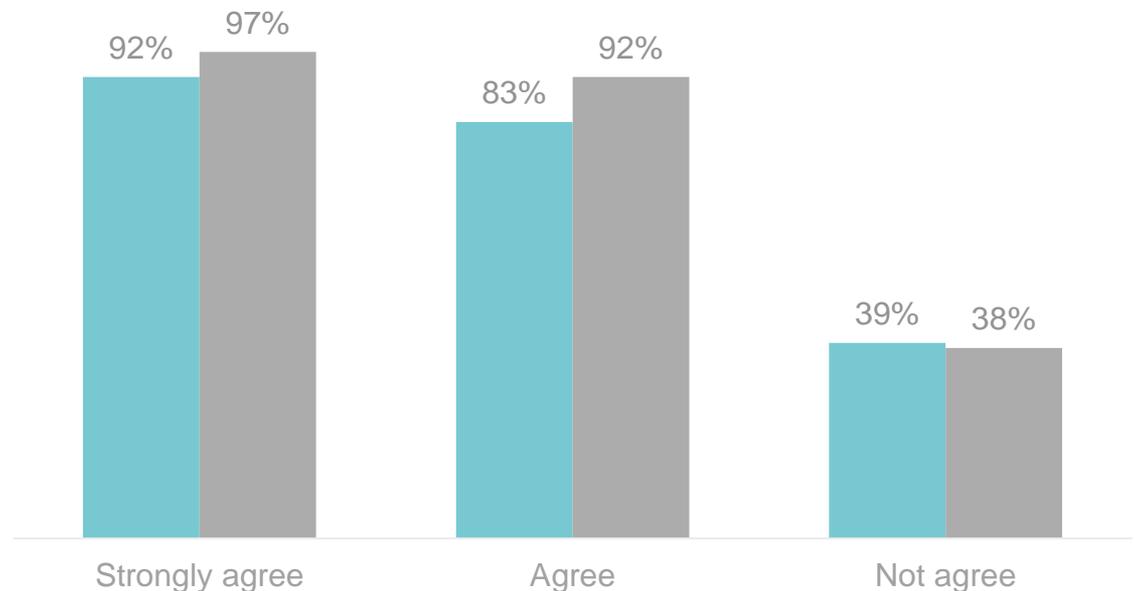
Source: Marriage and money, Dec. 2017

Trust and secrets don't mix

There is not a significant difference between prime and non-prime couples, suggesting that financial difficulties don't drive distrust in marriage.

I trust my partner to make the right decisions when I am not involved

% Strongly agree



I am confident my partner doesn't keep secrets from me

■ Non-prime ■ Prime

n = 1035; Q9r10: I am confident that my partner doesn't keep secrets from me - How much do you agree or disagree with the following statements about your current relationship? * Q9r9: I trust my partner makes the right decisions when I am not involved - How much do you agree or disagree with the following statements about your current relationship?

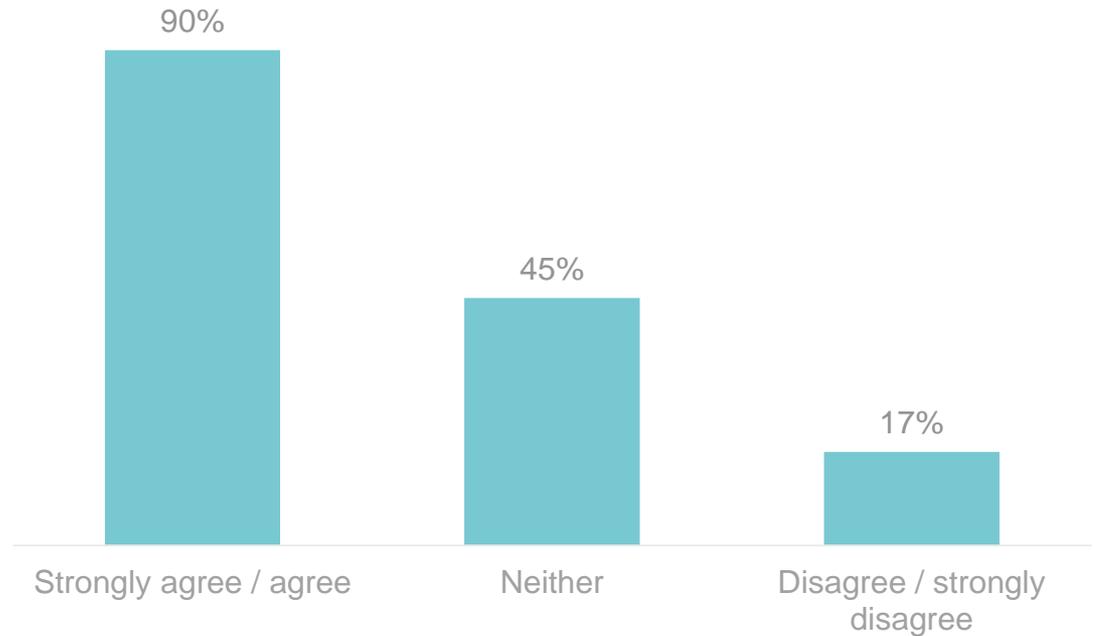
Source: Marriage and money, Dec. 2017

Trust and honesty

Trusting that a partner will make the right decision when you are not involved has less to do with competence and more to do with a relationship based on honesty.

I trust my partner to make the right decision when I am not involved

% Strongly agree / agree



My partner and I have a relationship built on honesty

n = 1035; Q9r8: My partner and I have a relationship built on honesty - How much do you agree or disagree with the following statements about your current relationship? * Q9r9: I trust my partner makes the right decisions when I am not involved - How much do you agree or disagree with the following statements about your current relationship?

Source: Marriage and money, Dec. 2017

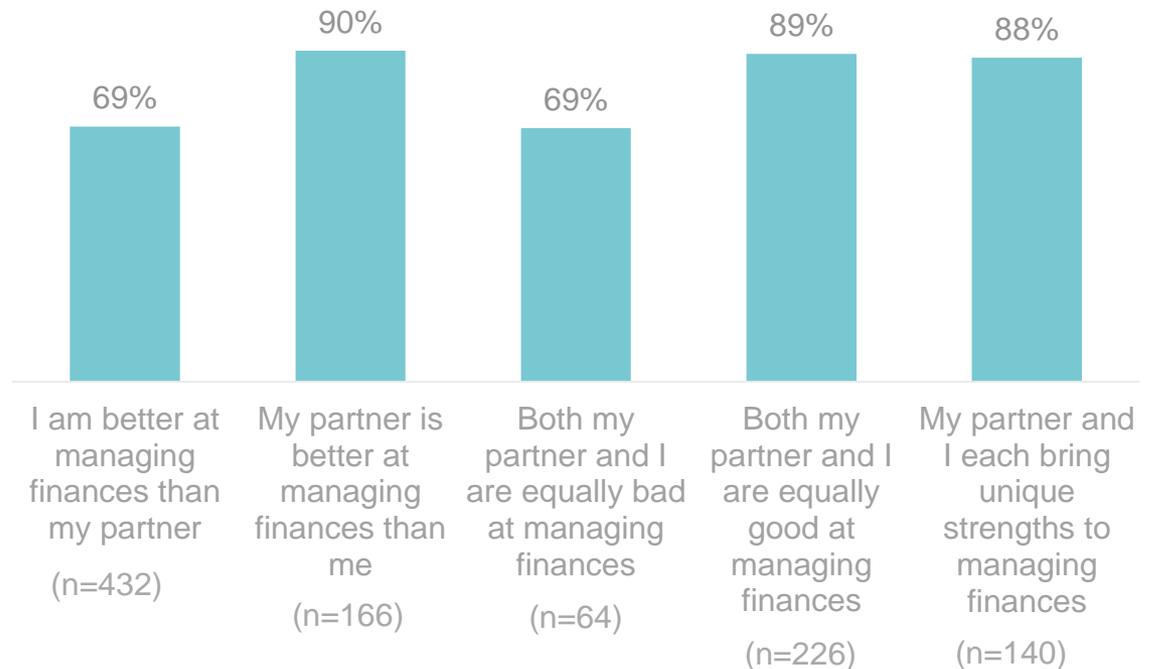
Respecting their contributions is crucial to trust

If you respect your partner's contributions, you are 29% more likely to express trust in their ability to act without your involvement. If a person feels they are no more capable than their spouse, they are still not more likely to trust them.

This suggests that people who feel uncomfortable with their collective abilities need more cooperative involvement to maintain comfort.

I trust my partner to make the right decision when I am not involved

% Strongly agree / agree



Q9r9: I trust my partner makes the right decisions when I am not involved - How much do you agree or disagree with the following statements about your current relationship? * Q11: Considering how you and your partner manage your household finances, which statement is most true?

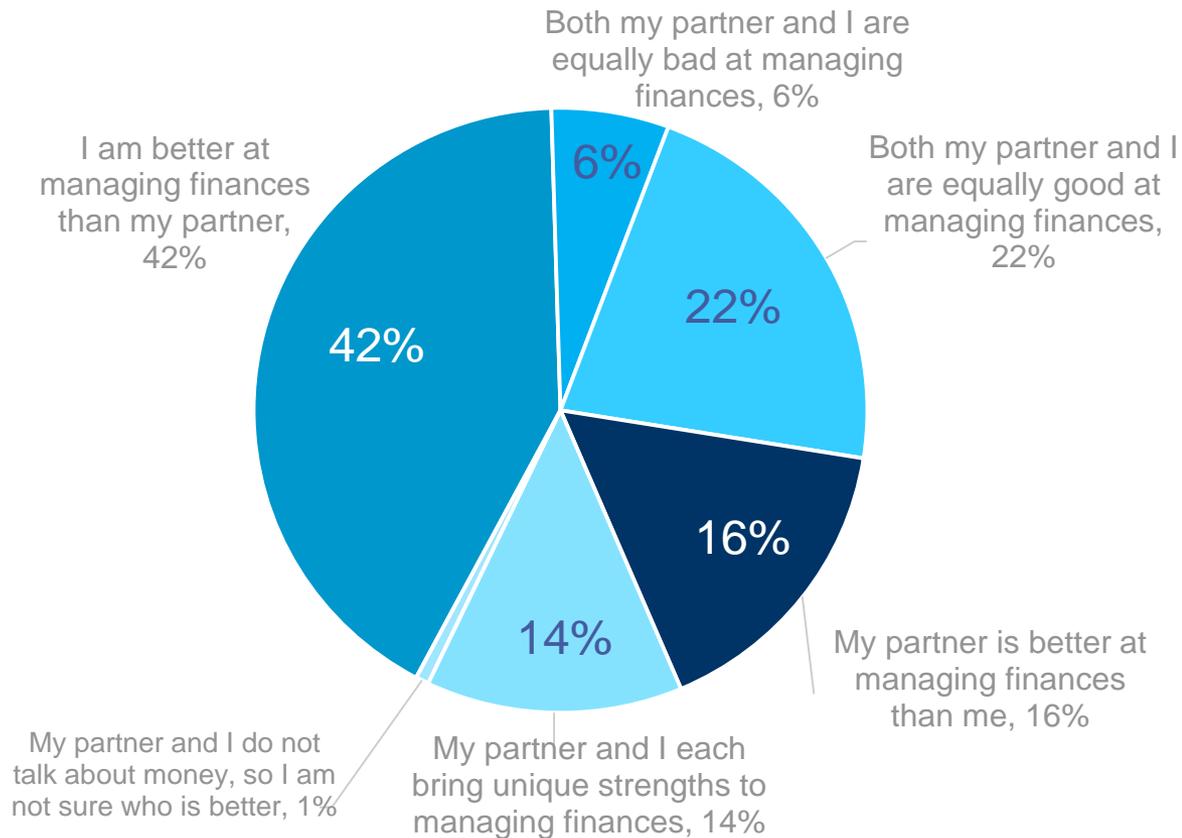
Source: Marriage and money, Dec. 2017

Respondents over-value their own financial management skills and underestimate their partners'

Skills at managing household finances

Respondents are more than twice as likely to say they are better at managing finances than their partners.

Perfect awareness would suggest that “I am better” and “My partner is better” would be exactly even.



n=1035; Q11: Considering how you and your partner manage your household finances, which statement is most true?

Source: Marriage and money, Dec. 2017

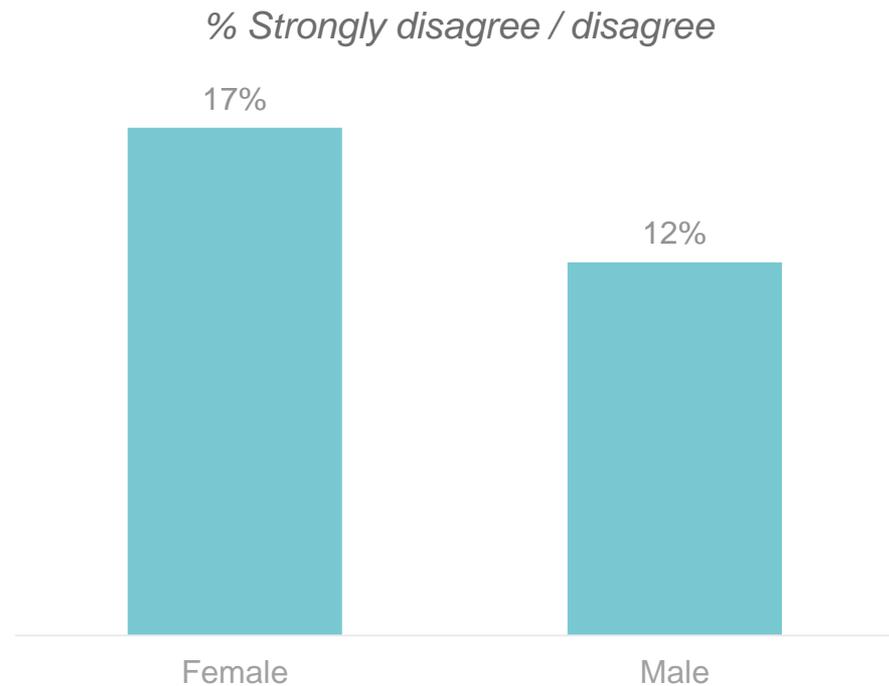


Feeling of control in finances

Feeling of control over finances

I feel like I have control over household finances

While the overall sense of not being in control of finances is low, women are 42% more likely express a lack of control over household finances.



n = 1035; Q17r4: I feel like I have control over household finances - How much do you agree or disagree with the following statements? * S2: Please indicate your gender.

Source: Marriage and money, Dec. 2017

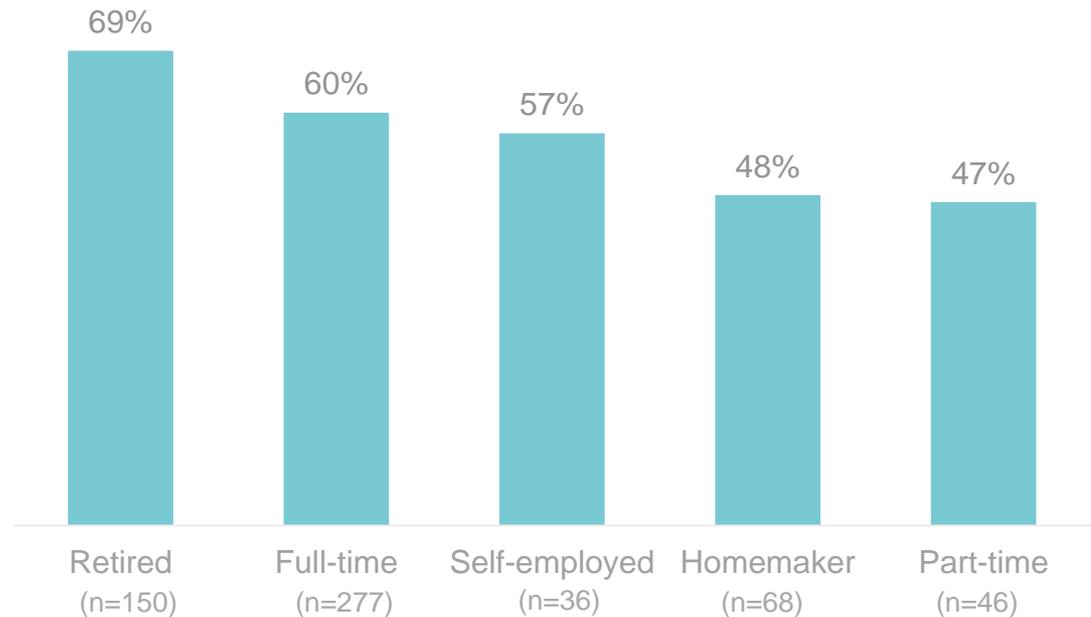
Sense of control and employment status

“I feel like I have control over household finances”

% Strongly agree / agree

Fixed income respondents were most likely to feel like they had control over their finances.

The least likely were part-time employees and homemakers.



Q25: What is your employment status? * Q17r4: I feel like I have control over household finances - How much do you agree or disagree with the following statements?

Source: Marriage and money, Dec. 2017

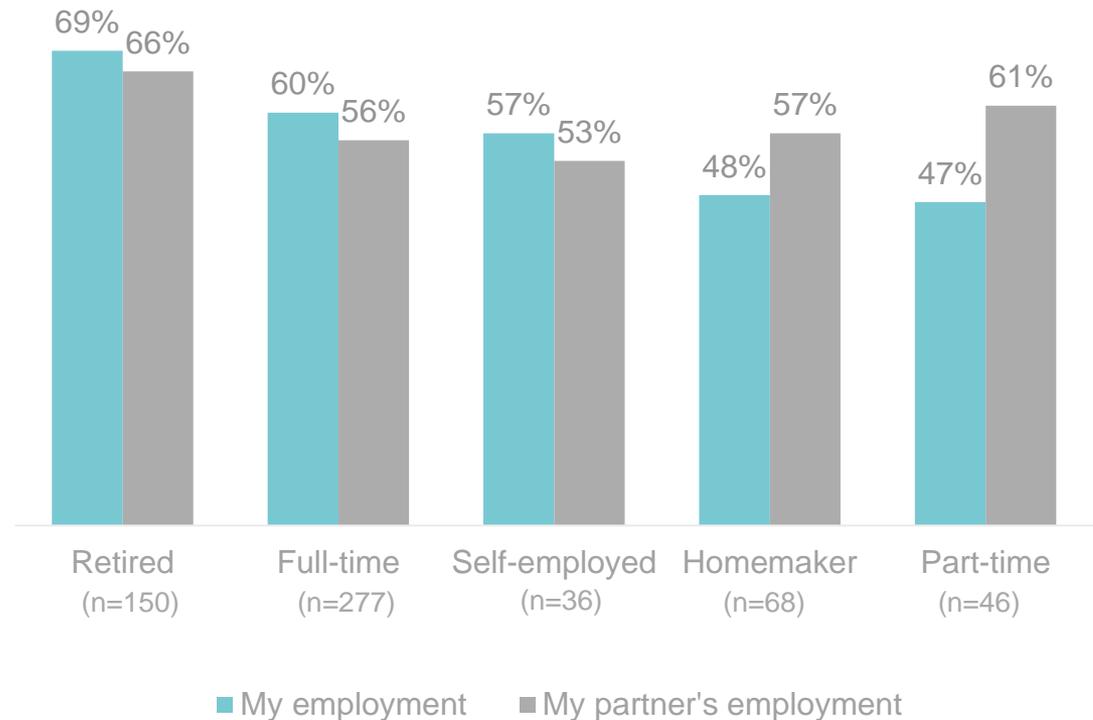
Sense of control and employment status

“I feel like I have control over household finances”

% Strongly agree / agree

Fixed income respondents were most likely to feel like they had control over their finances.

The least likely were part-time employees and homemakers.



Q25: What is your employment status? * Q26. What is your spouse's/partner's employment status? * Q17r4: I feel like I have control over household finances - How much do you agree or disagree with the following statements?

Source: Marriage and money, Dec. 2017

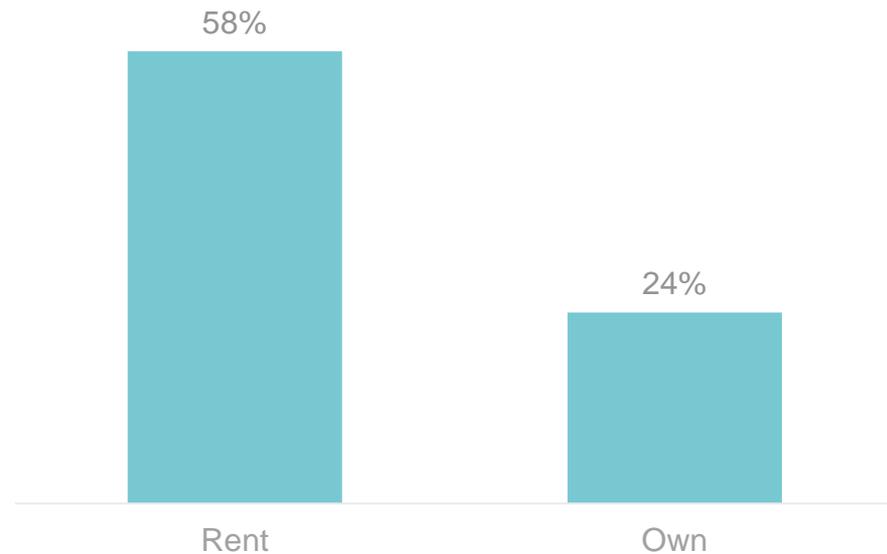
Housing and economic stress

This is the case of correlation, not causation: clearly what causes financial fragility makes people less likely to buy a home.

What is telling is that over half of married renters regularly experience financial stress.

Experienced financial stress over the last 12 months

% Very / fairly often



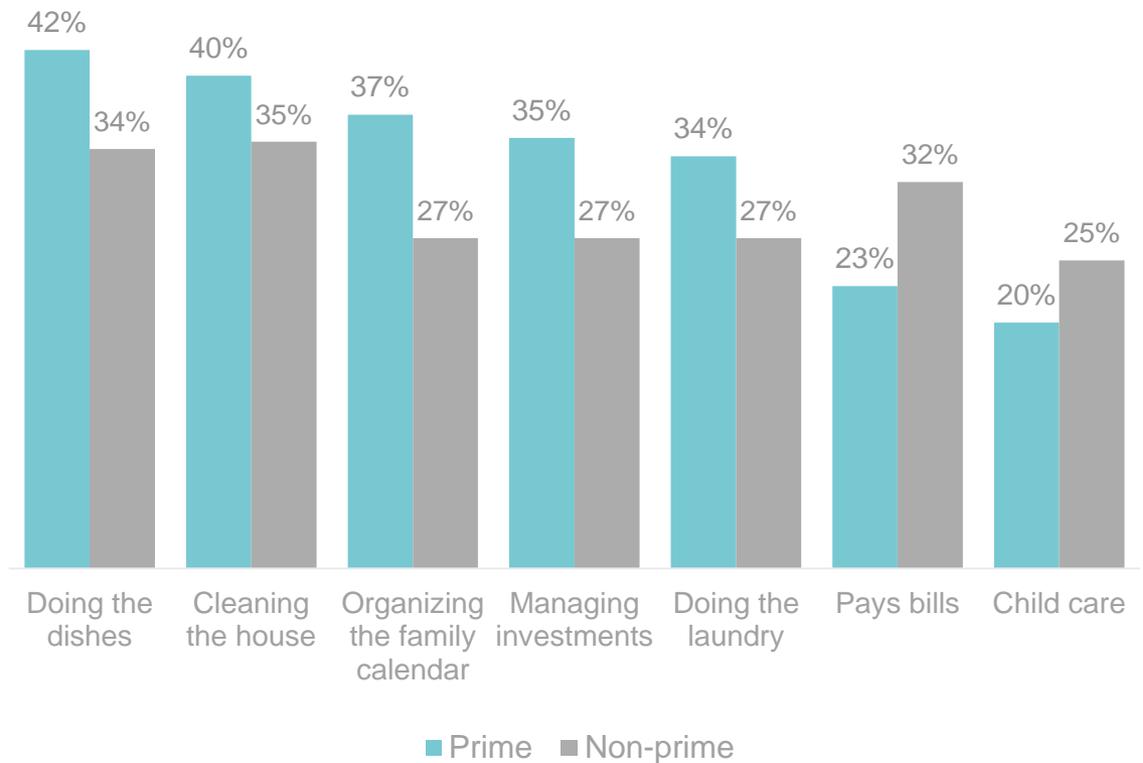
n = 1035; Q3. How often have you experienced financial stress over the last 12 months? * Q27. Do you rent or own your primary residence?

Source: Marriage and money, Dec. 2017

Division of household chores

Shares responsibility for common household tasks

% “both equally”



Non-prime Americans are much less likely to share in the responsibility of household tasks.

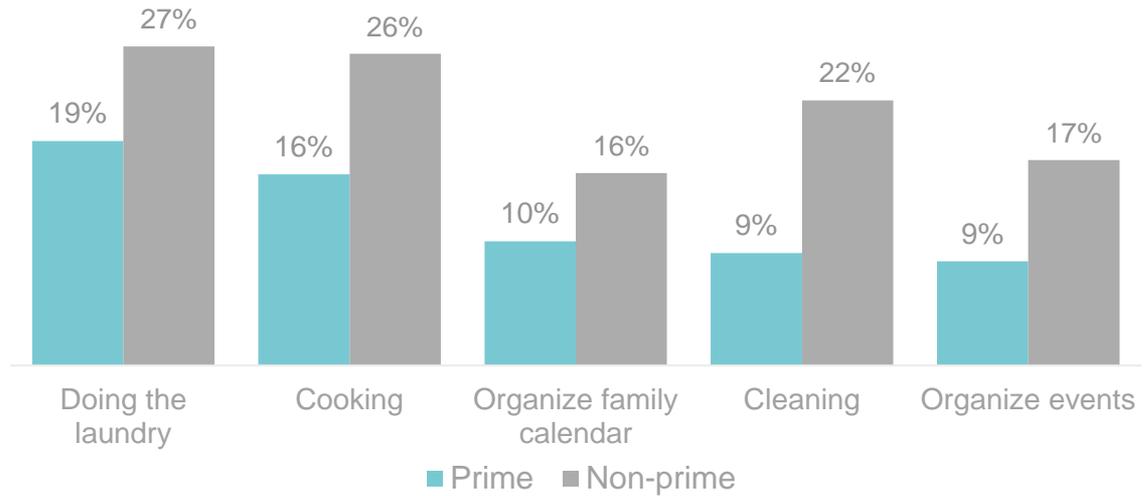
They only equally share “paying bills” and “child care” more frequently than prime Americans.

Division of household chores: non-prime couples

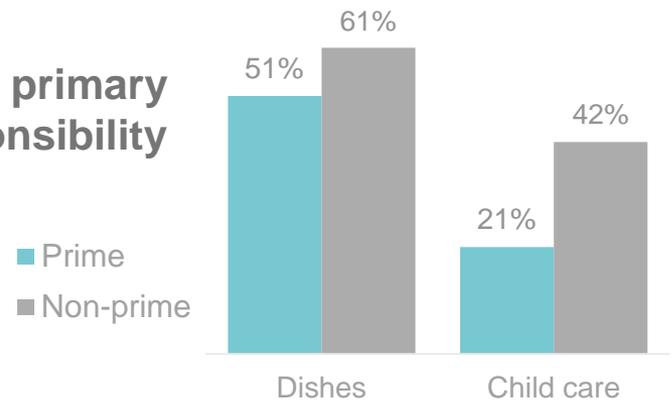
While gender skews persist for household chores, non-prime men are much more likely than their prime counterparts to assume primary responsibility of tasks that have traditionally been considered women's work.

There is much more parity between prime and non-prime women when it comes to taking primary responsibility for household chores. There are, though, two chores that non-prime women assume in greater portion: doing the dishes and child care.

Men take primary responsibility



Women take primary responsibility



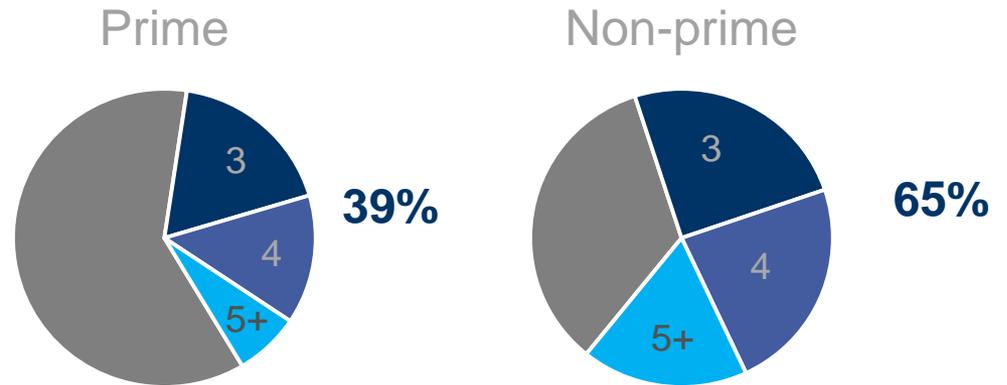
Q13R. Both equally - Who is primarily responsible for the following household tasks?

Source: Marriage and money, Dec. 2017

Size of household

Households with more than 2 people

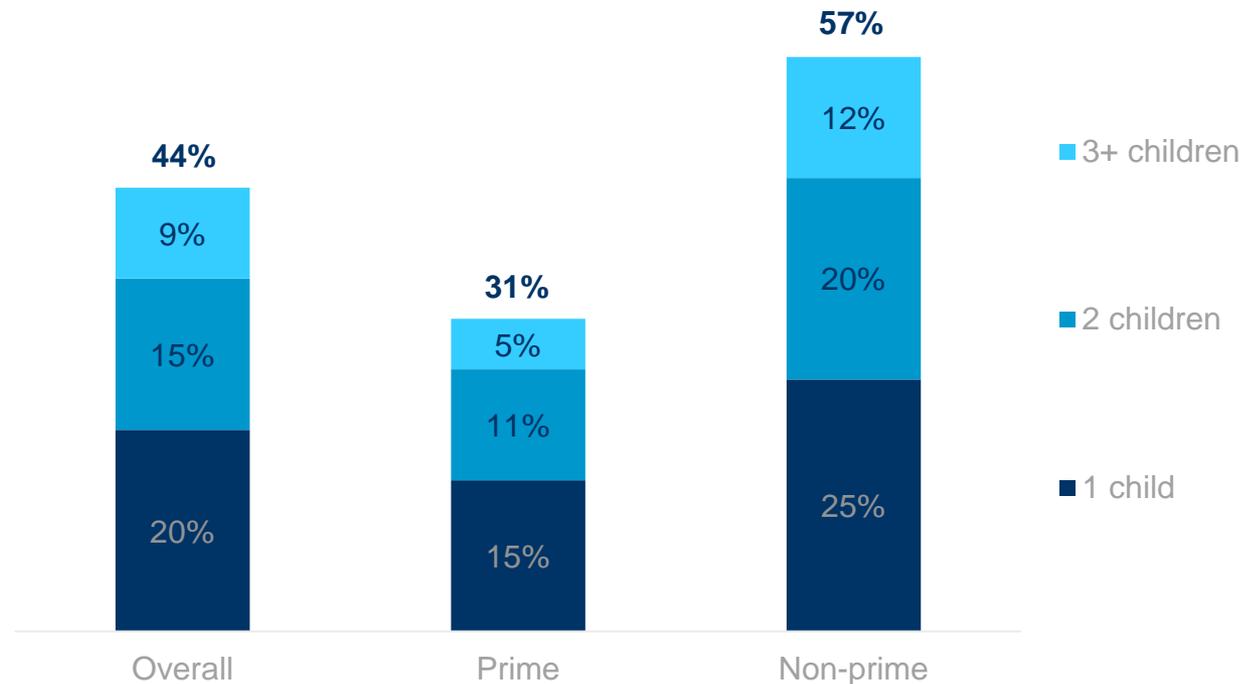
Non-prime couples are significantly more likely to support larger households.



Presence of children

Presence of children in the household

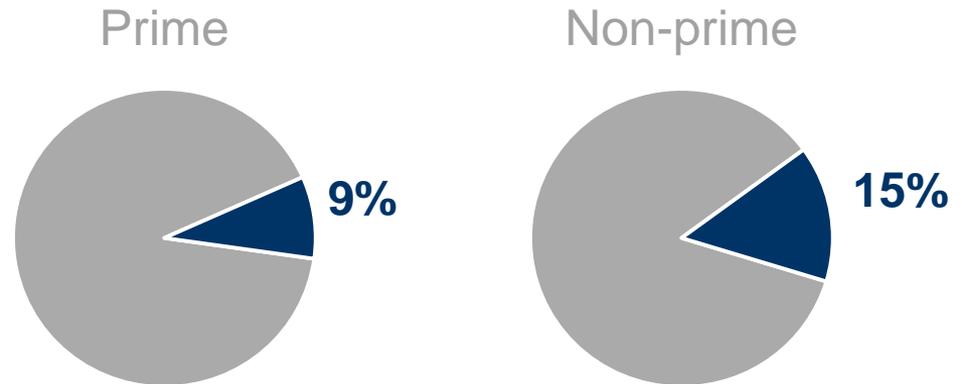
Non-prime households have more children. Only a third of prime marriages have a child. One reasons for this skew is that older, retired people are more likely to have prime credit.



Elderly or disabled adults

Households with elderly parents or disabled adults

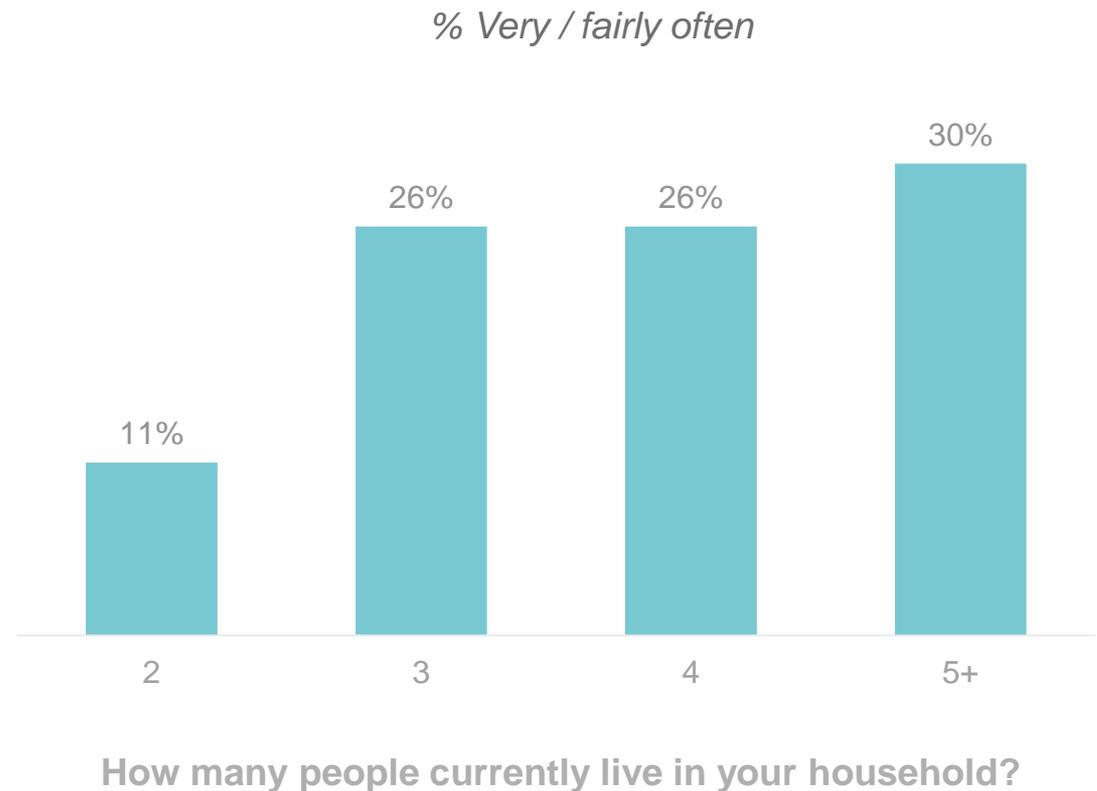
Non-prime couples 75% more likely to be living in a household with an elderly parent or disabled adult.



Effects of increased household size

Unexpected expense disrupted household finances

Adding just one more person (beyond the couple) doubles the likelihood of experiencing disrupting expenses often.



n = 1035; Q7r5: An unexpected expense disrupted household finances - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine) * Q28: Including yourself, how many people currently live in your household?

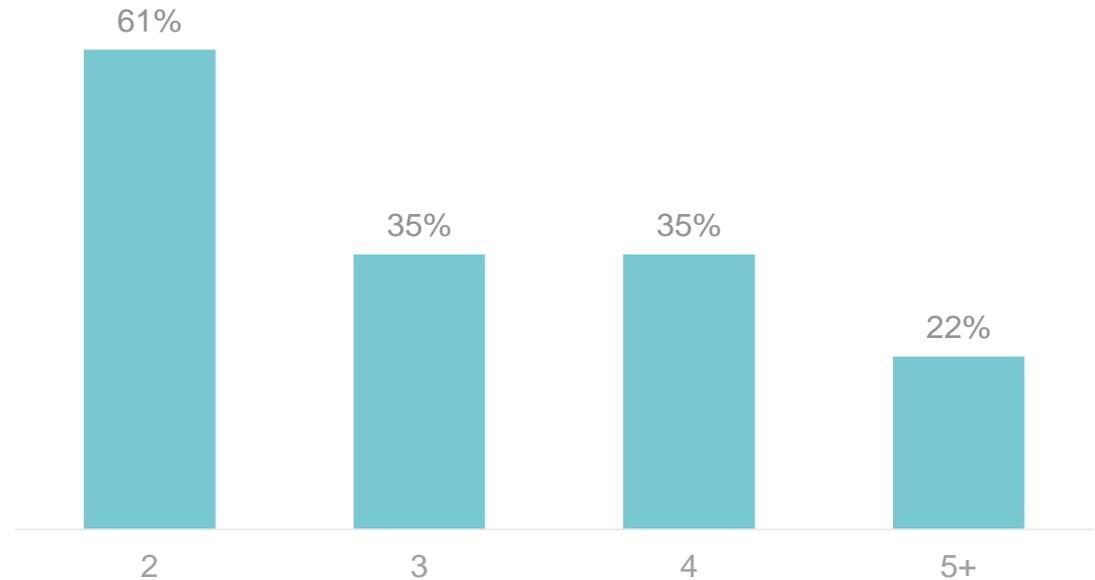
Source: Marriage and money, Dec. 2017

Effects of increased household size

Unexpected expense disrupted household finances

% Almost never / never

As household size increases, the chances of never experiencing a disrupting expense drops.



How many people currently live in your household?

n = 1035; Q7r5: An unexpected expense disrupted household finances - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine) * Q28: Including yourself, how many people currently live in your household?

Source: Marriage and money, Dec. 2017

Methodology

The primary purpose of this study was to determine how non-prime couples (married or common law) were similar or different from those with prime credit.

Interview Dates: November 30 - December 4, 2017

Sample Specs:

- Total Consumers = 1,035 (Non-prime = 507; Prime = 528)
- Sample Source: Research Now Consumer Panel

Qualification Criteria:

- Ages 18-74
- Household income: More than \$25,000 per anum
- Geography – U.S. Rep
- Has primary or shared responsibility managing household finances

Survey Instrument: online questionnaire

About

About Elevate's Center for the New Middle Class

Elevate's Center for the New Middle Class conducts research, engages in dialogue, and builds cooperation to generate understanding of the behaviors, attitudes, and experiences of America's growing "New Middle Class."

For more information, visit: www.elevate.com/NewMiddleClass

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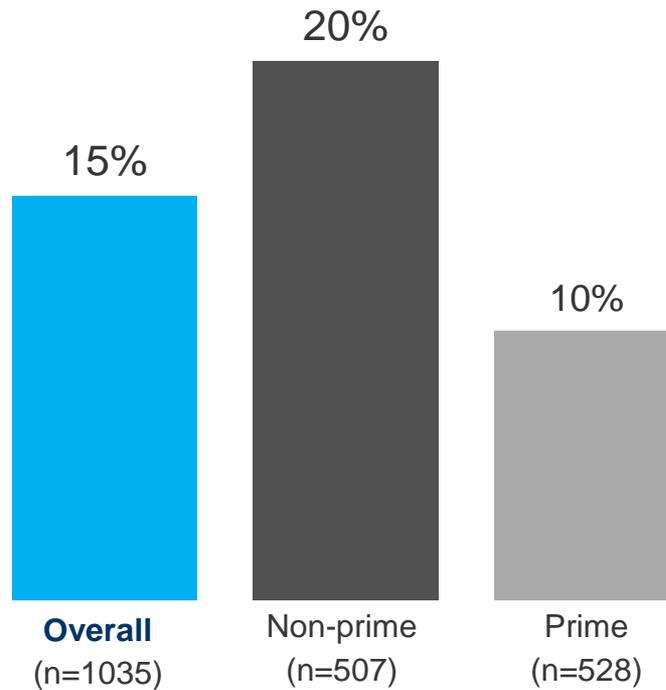
Stuff excluded,
but could be considered

Splurged

Splurged on something wanted (not needed)

% Top-2 Box: Very/ fairly often

Splurged



Q7R. Splurged on something you wanted, but did not need - For the situations listed below, please indicate how often each one occurred over the last 6 months. (your best guess is fine)

Source: Marriage and money, Dec. 2017