

Elevate

Center for the
New Middle Class

Financial Management in Marriage: The Nonprime Experience

February 2017

Introduction

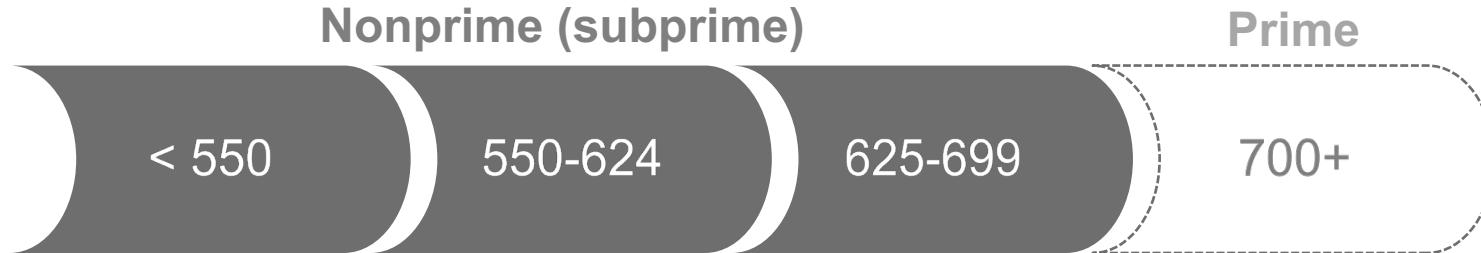
The broad discussion in many circles about the plight of people with nonprime credit scores often uses assumptions about how these Americans think, what matters to them, and even what would be good for them. However, there is limited data that really explains their circumstances.

Elevate's Center for the New Middle Class set out to understand the differences in attitudes, experiences and behavior between Americans with prime credit and those with nonprime (subprime) credit.

This study represents results from two research projects: a survey of 610 nonprime Americans with 607 Americans with prime credit scores conducted December 6-14, 2016; and, a qualitative online discussion with 41 individuals conducted on January 25, 2017.

For more details on the study, [click here](#).

Nonprime Americans

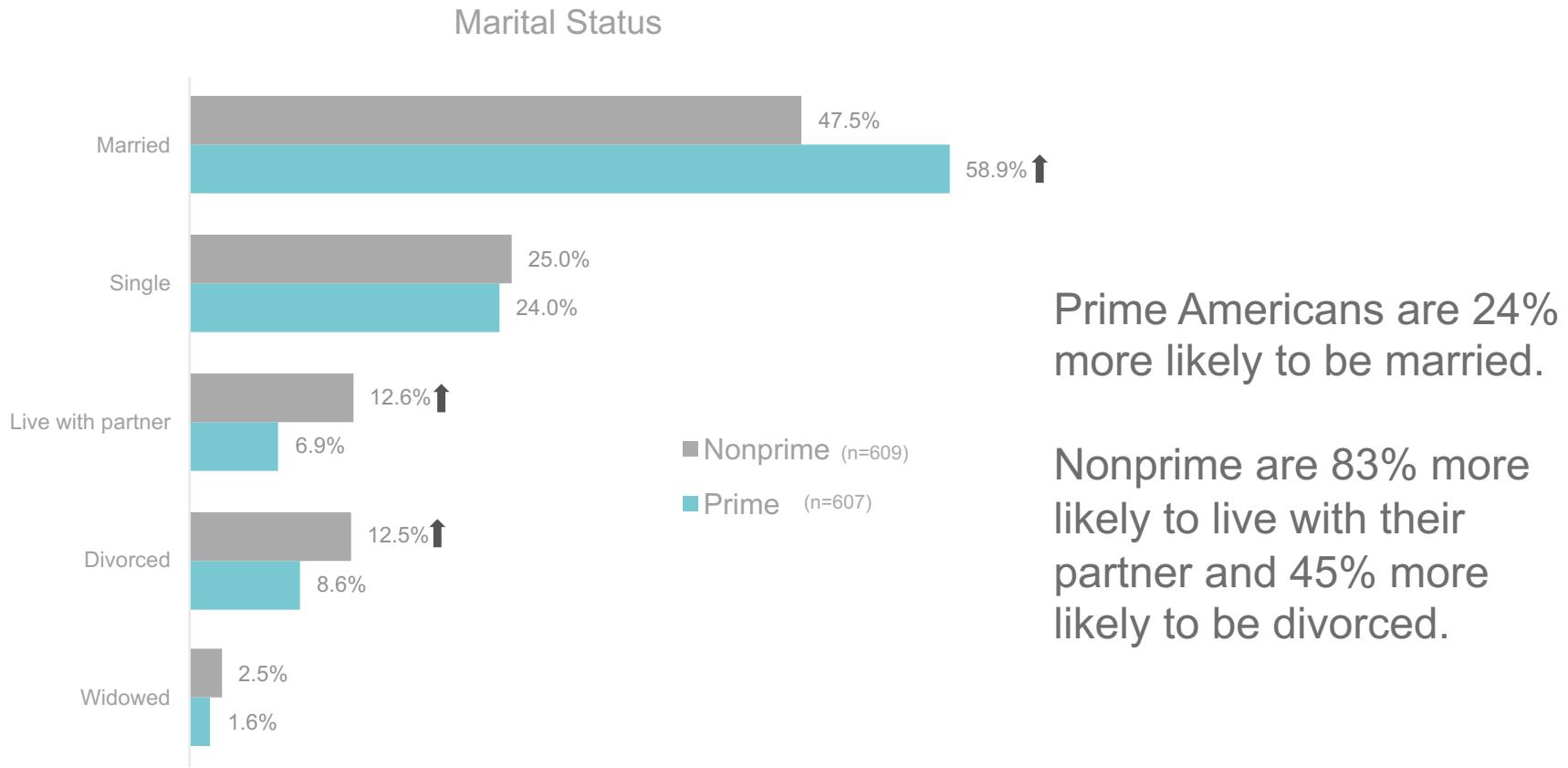


“Nonprime Americans” represent the New Middle Class. These are Americans with a credit score below 700, meaning that their access to credit is limited or curtailed. It is the Center’s objective to better understand their experiences, attitudes, and behavior.

Executive Summary

- Nonprime Americans are 24% less likely to be married and 45% more likely to be divorced than people with prime credit scores
- Married nonprime Americans find it hard to plan:
 - Only 1 in 5 married nonprime Americans say they are able to regularly put aside money for savings
 - 66% less likely to say they save money “regularly” than married nonprimes
 - Only 1 in 4 married nonprimes feel like they can reach short-term savings goals
 - 60% less likely to say they regularly plan for major expenses
 - 66% less likely to say they regularly plan for unexpected expenses
- Financial lives of married nonprimes are tenuous:
 - Over half run out of money every 2-3 months or more often
 - 2x as likely to say they regularly carry a credit card balance
 - 1.6x as likely to say they have too much debt right now
 - 2x as likely to have lost a job
 - 1.4x as likely to have had their pay or work hours reduced
 - 1 in 8 have had a checking account closed by their bank in the prior 5 years
- Married nonprimes feel the stress of their insecurity:
 - 42% less likely to declare confidence with dealing with day-to-day financial matters
 - Almost 3x more likely to worry over their monthly expenses
 - 50% less likely to feel they can meet long-term financial goals
 - 1.5x likely to admit that their finances cause significant stress
 - 1 in 5 say they have little control over the things that happen to them
- Couples experience financial conflict primarily over major purchase and debt
- Couples work their finances depending on their desire to be actively engaged in them and their degree of cooperation

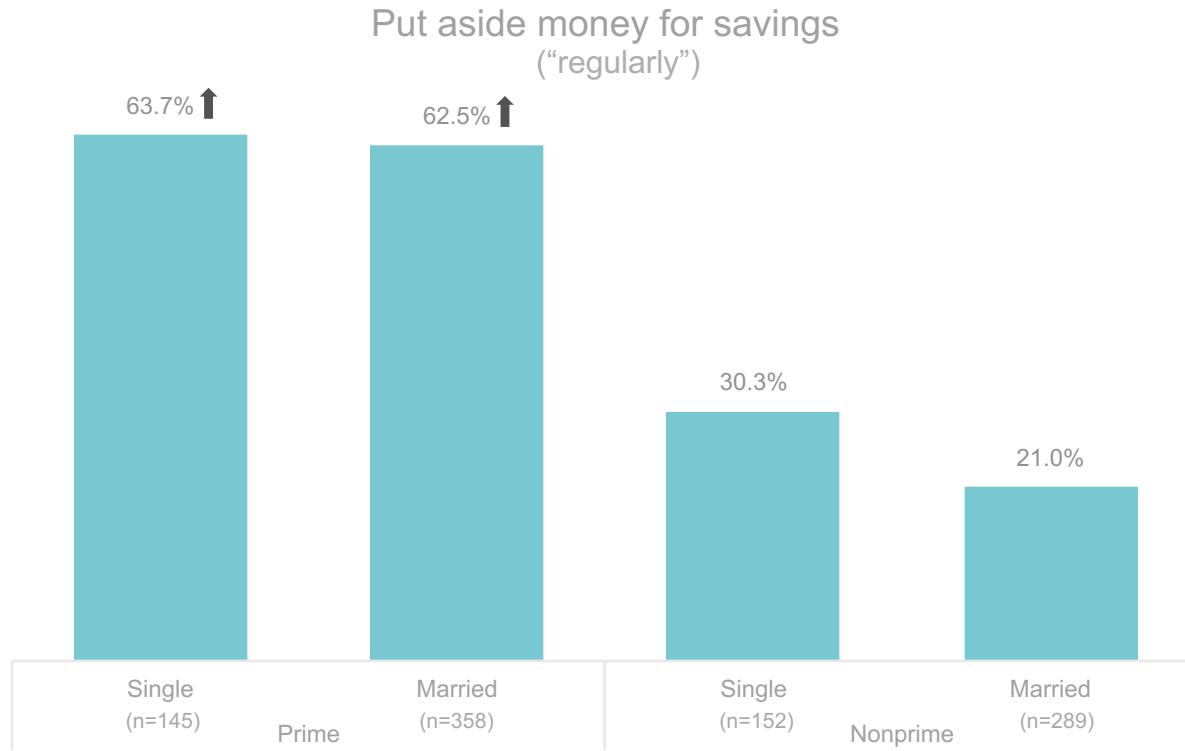
Marital status



Q4: What is your marital status?

Source: Financial Life, Dec. 2016

Put aside money for savings



Married prime Americans are three times as likely to regularly save money compared to their nonprime counterparts.

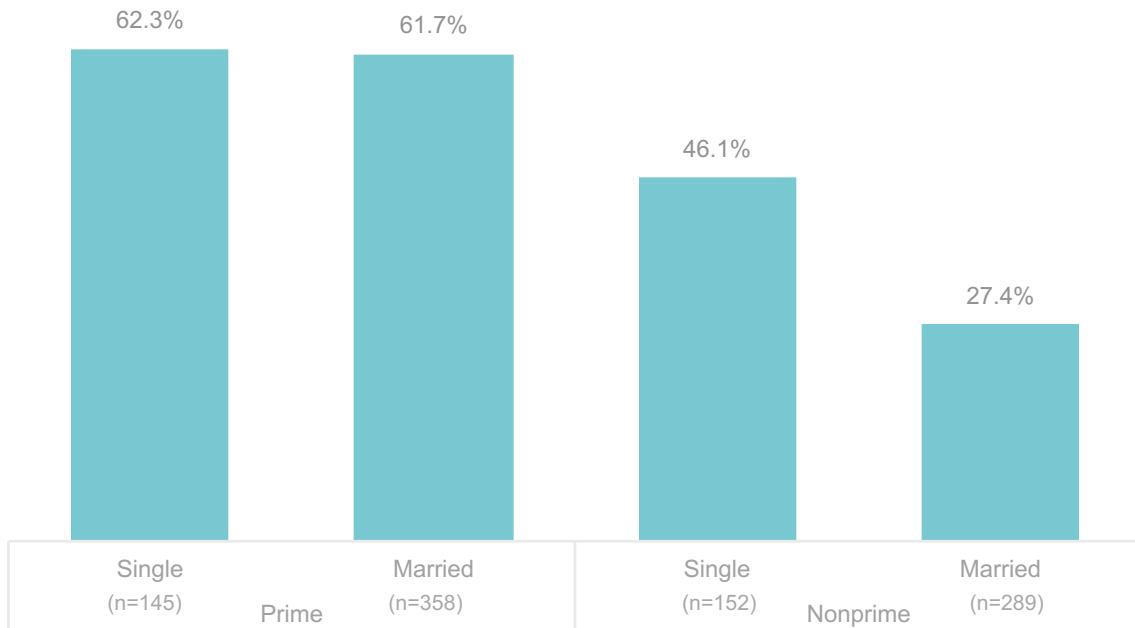
Married nonprime Americans are 30% less likely to save regularly compared to their single counterparts.

Q4: What is your marital status? * Q18r: Put aside money for savings - Please indicate how often you engaged in the following financial activities in the last 12 months. * hClassification: Hidden question (Prime, nonprime)

Source: Financial Life, Dec. 2016

Short-term saving goals

I am confident that I can meet my short-term saving goals



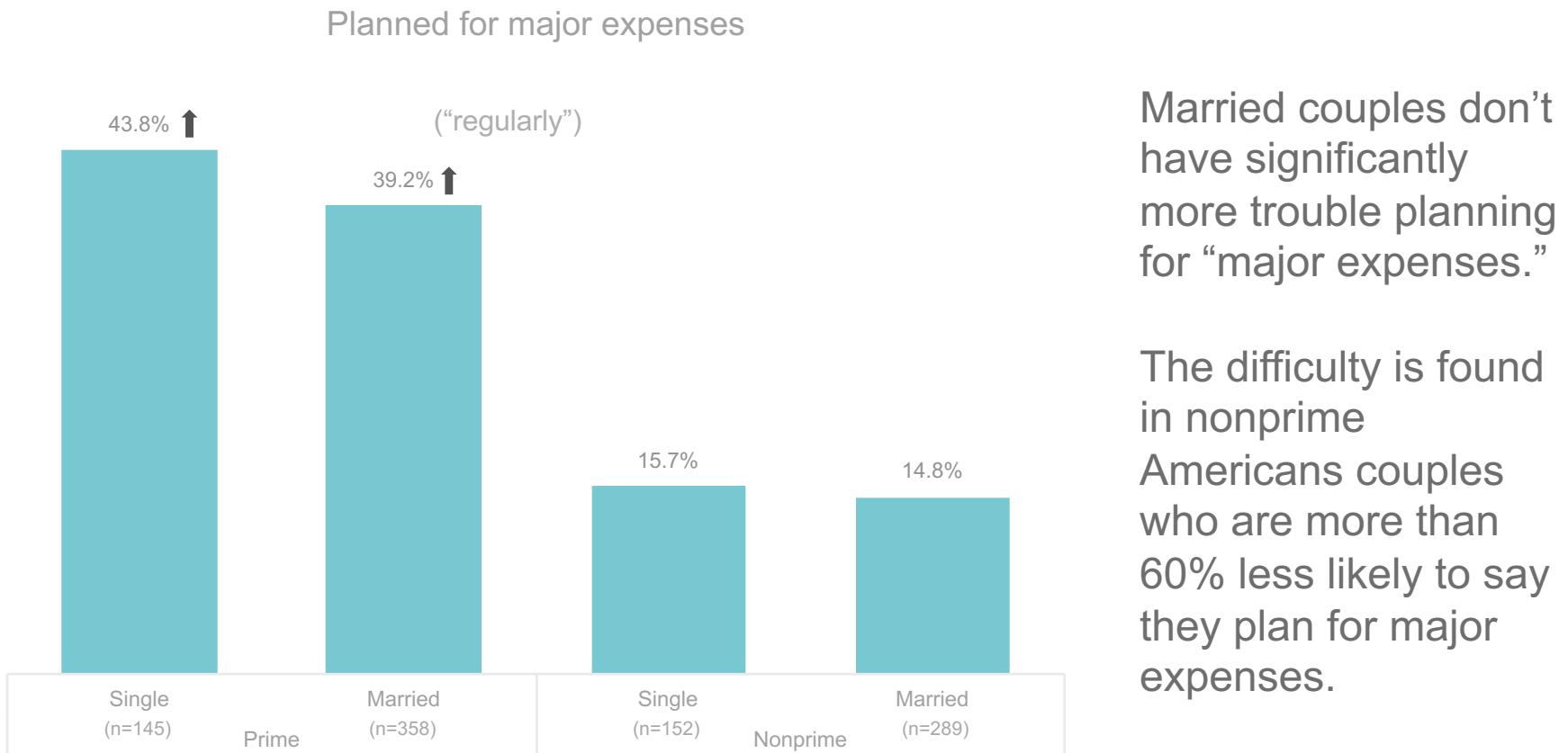
Less than half of nonprime singles are confident they can meet their short-term savings goals.

For married nonprimes, the number drops to nearly 1 in 4.

* Top 2 Box; Q4: What is your marital status? * Q27r14: On a scale of 1 to 5, where 1 is 'strongly disagree' and 5 is 'strongly agree', how much do you agree or disagree with the following statements? * hClassification: Hidden question (prime / nonprime)

Source: Financial Life, Dec. 2016

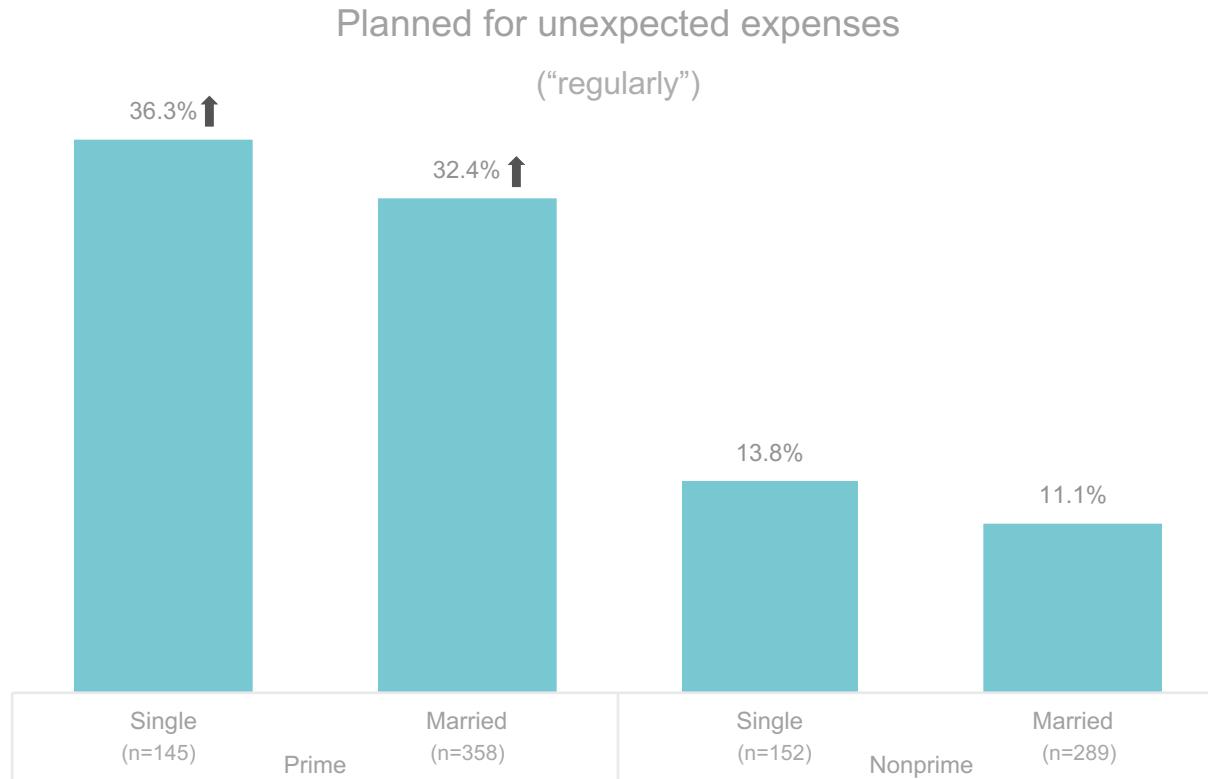
Planning for major expenses



Q4: What is your marital status? * Q18r: Planned for major expenses- Please indicate how often you engaged in the following financial activities in the last 12 months. * hClassification: Hidden question (Prime, nonprime)

Source: Financial Life, Dec. 2016

Planning for unexpected expenses



Married couples don't have significantly more trouble planning for "unexpected expenses."

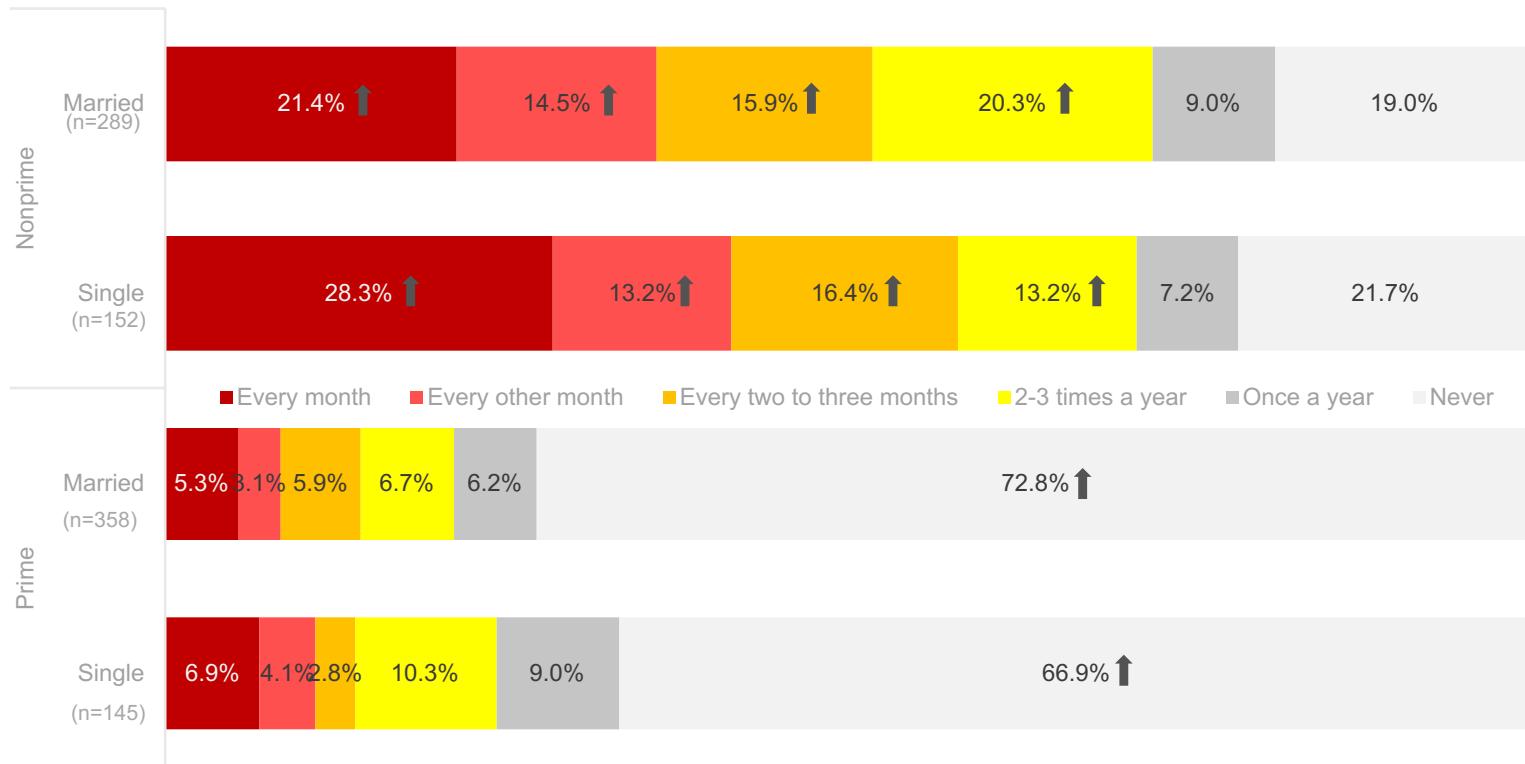
The difficulty is found in being nonprime.

Q4: What is your marital status? * Q18r: Planned for unexpected expenses- Please indicate how often you engaged in the following financial activities in the last 12 months. * hClassification: Hidden question (Prime, nonprime)

Source: Financial Life, Dec. 2016

Running out of money

How often do you run out of money?



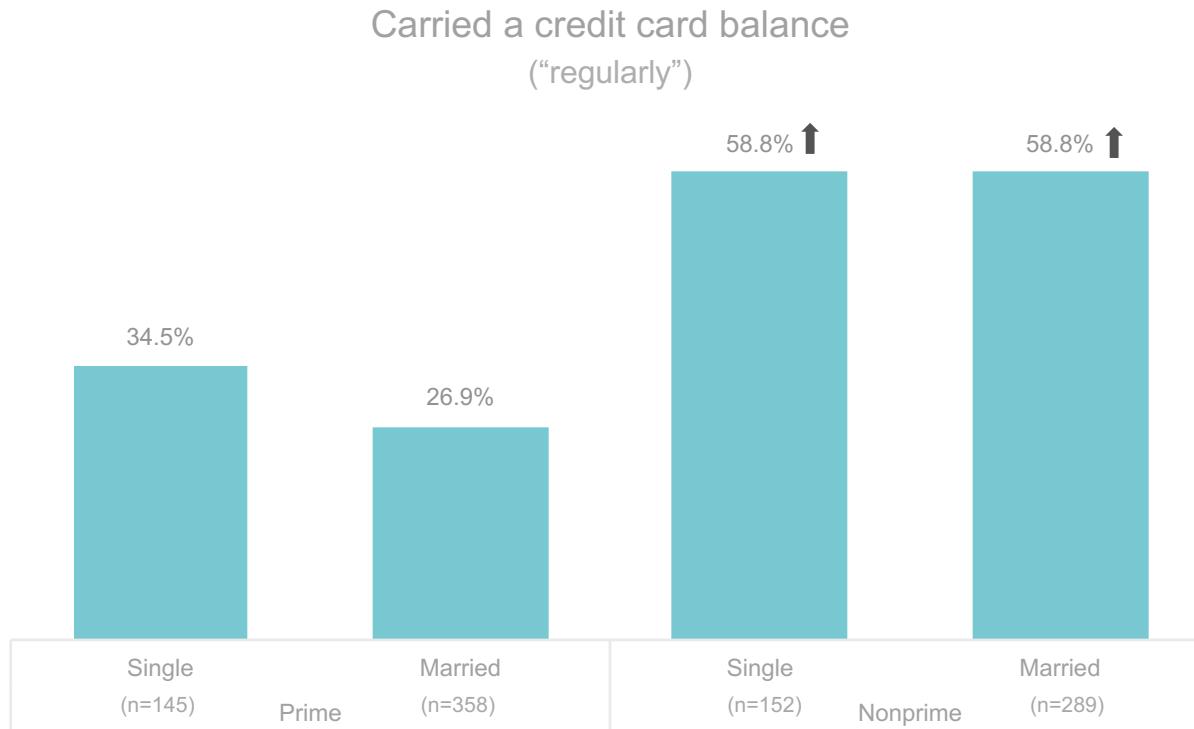
Nonprime marrieds are less likely to run out of money every month, but more likely to run out of money at some point in the year.

4 out of 5 nonprimes run out of money at least once during a year.

Q4: What is your marital status? * Q12: In the past 12 months, how often has your household run out of money before the end of the month, including when you had to use credit to get by? * hClassification: Hidden question (Prime, nonprime)

Source: Financial Life, Dec. 2016

Carried a credit card balance



Married prime Americans are the least likely group to carry a credit card balance every month. They are 22% less likely than single primes.

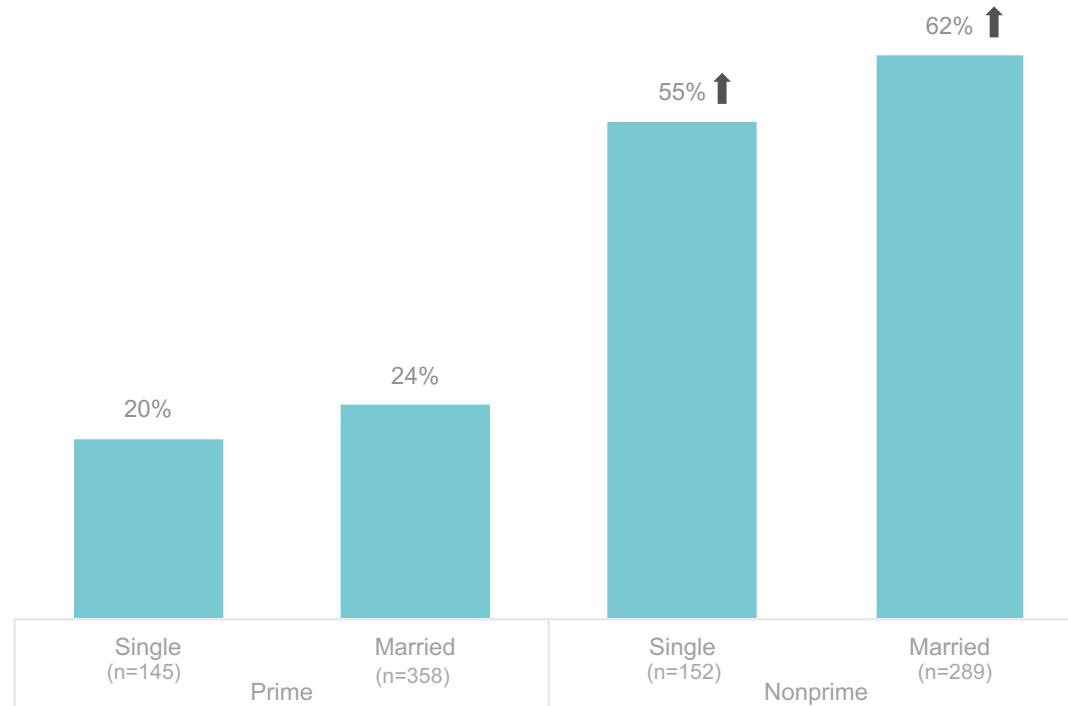
3 out of 5 nonprime Americans (married or otherwise) carry a balance monthly.

Q4: What is your marital status? * Q18r: Carried a credit card balance- Please indicate how often you engaged in the following financial activities in the last 12 months. * hClassification: Hidden question (Prime, nonprime)

Source: Financial Life, Dec. 2016

Carrying too much debt

I have too much debt right now



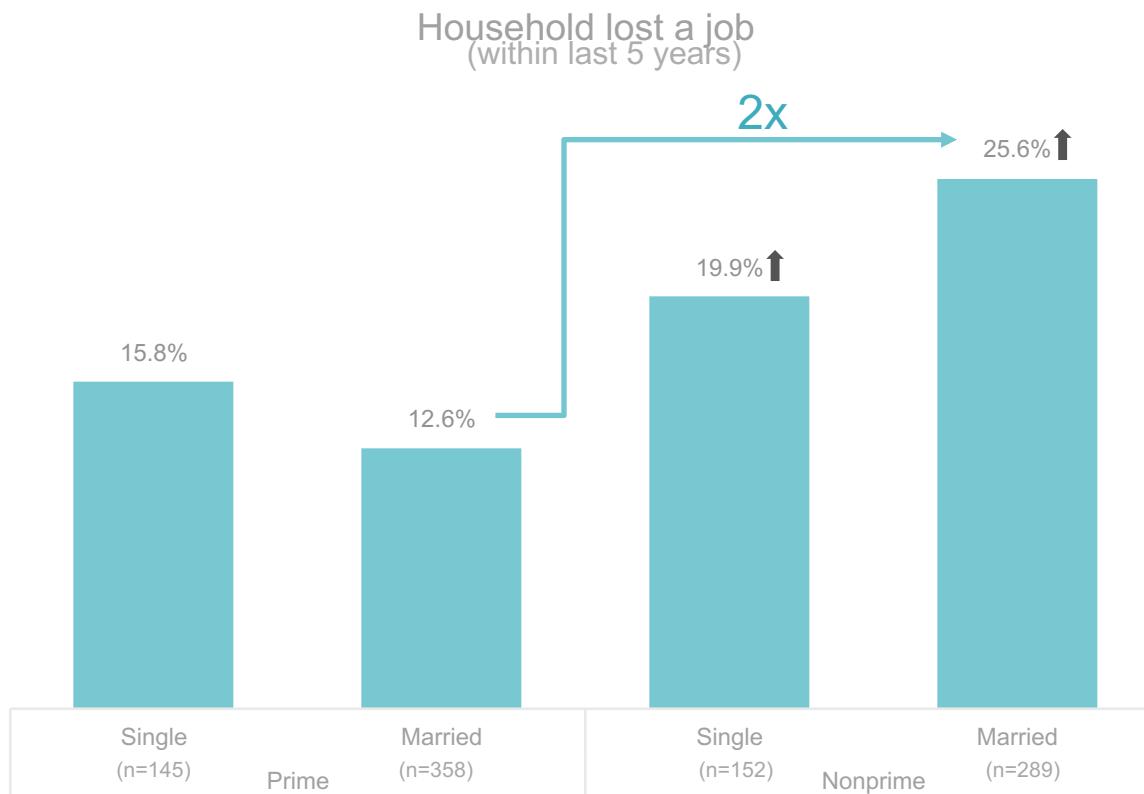
Nonprime Americans are twice as likely as prime to think they carry too much debt.

Almost 2 out of 3 married nonprimes feel that they are consumed with debt.

* Top 2 Box; Q4: What is your marital status? * Q27r14: On a scale of 1 to 5, where 1 is 'strongly disagree' and 5 is 'strongly agree', how much do you agree or disagree with the following statements? * hClassification: Hidden question (prime / nonprime)

Source: Financial Life, Dec. 2016

Someone in the household lost a job



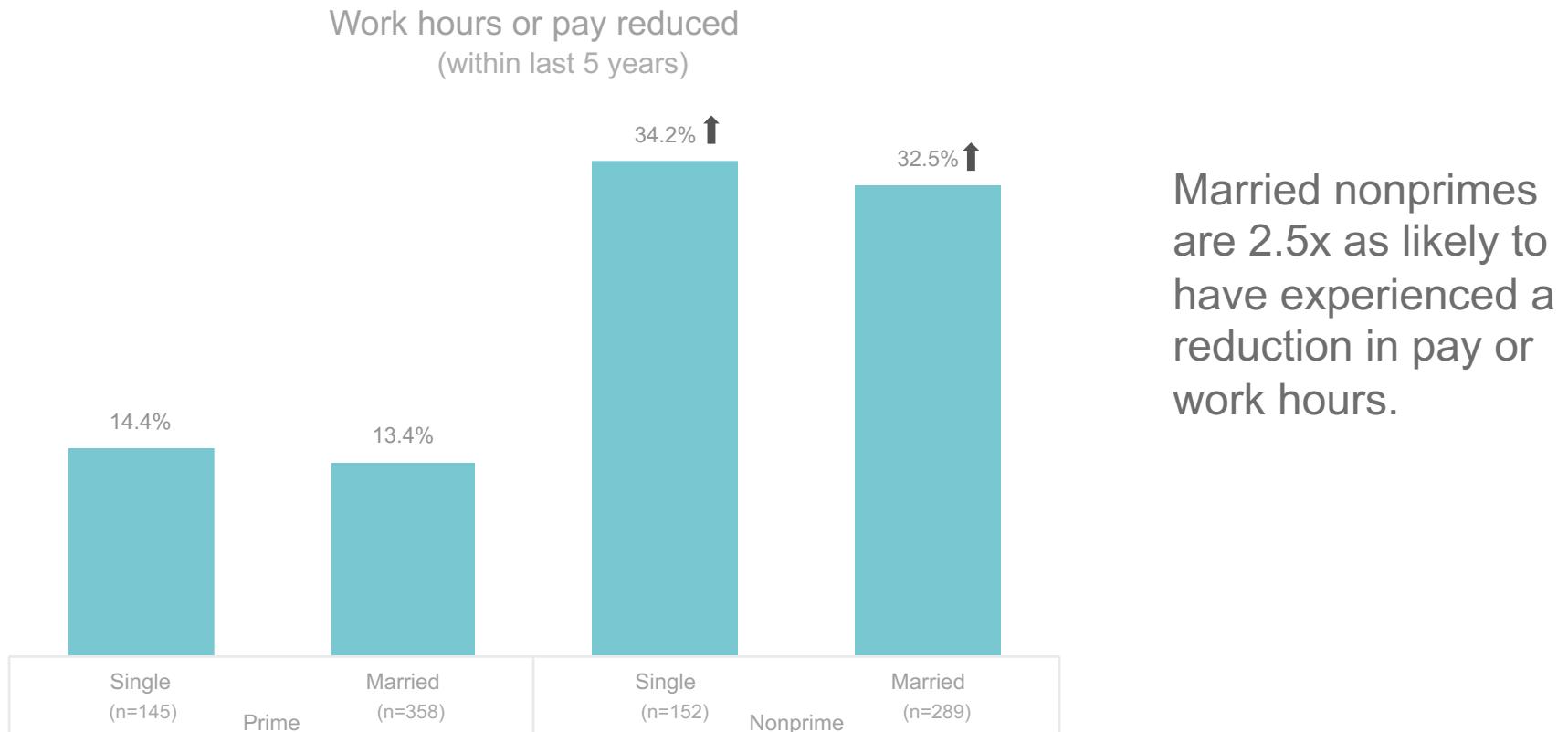
Married nonprime Americans are twice as likely as their prime counterparts to have lost a job sometime in the prior 5 years.

In nonprime households, uncertainty compounds with marriage rather than dissipates.

Q4: What is your marital status? * Q28r: Lost a job - During the past 5 years, has your household experienced any of the following significant major life changes or financial events? * hClassification: Hidden question (Prime, nonprime)

Source: Financial Life, Dec. 2016

You had your pay or work hours reduced



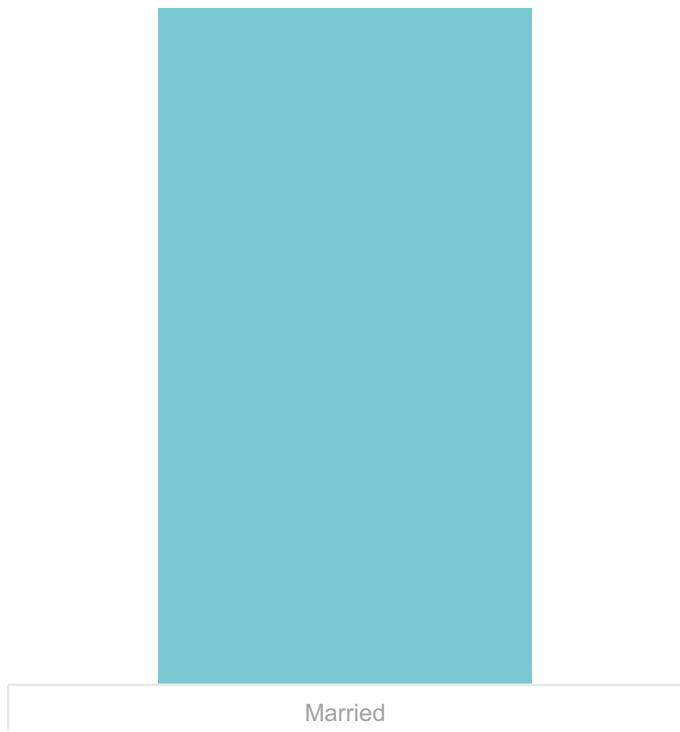
Q4: What is your marital status? * Q28r: You had your work hours and/or pay reduced - During the past 5 years, has your household experienced any of the following significant major life changes or financial events? * hClassification: Hidden question (Prime, nonprime)

Source: Financial Life, Dec. 2016

Bank closed their checking account

Bank closed my checking account
(within last 5 years)

12.4% ↑



1 in 8 married nonprimes had their checking account closed by their bank within the last five years.

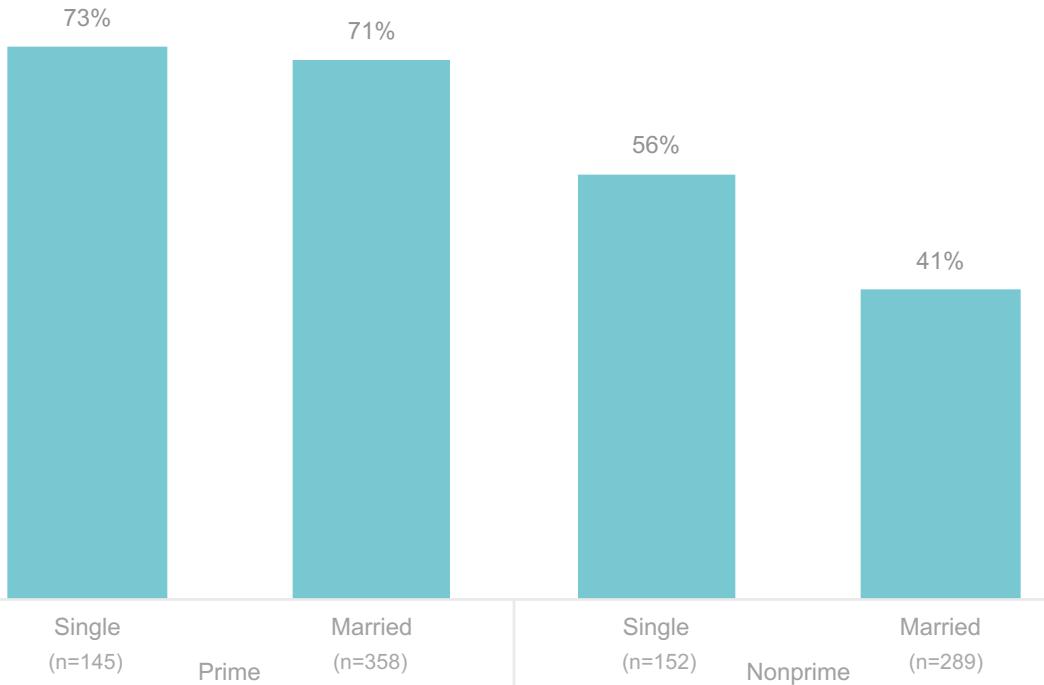
↑ Statistically significant than prime married Americans.

Q4: What is your marital status? * Q28r: Bank closed my checking account - During the past 5 years, has your household experienced any of the following significant major life changes or financial events? * hClassification: Hidden question (Prime, nonprime)

Source: Financial Life, Dec. 2016

Confidence with day-to-day finances

I am good at dealing with day-to-day financial matters



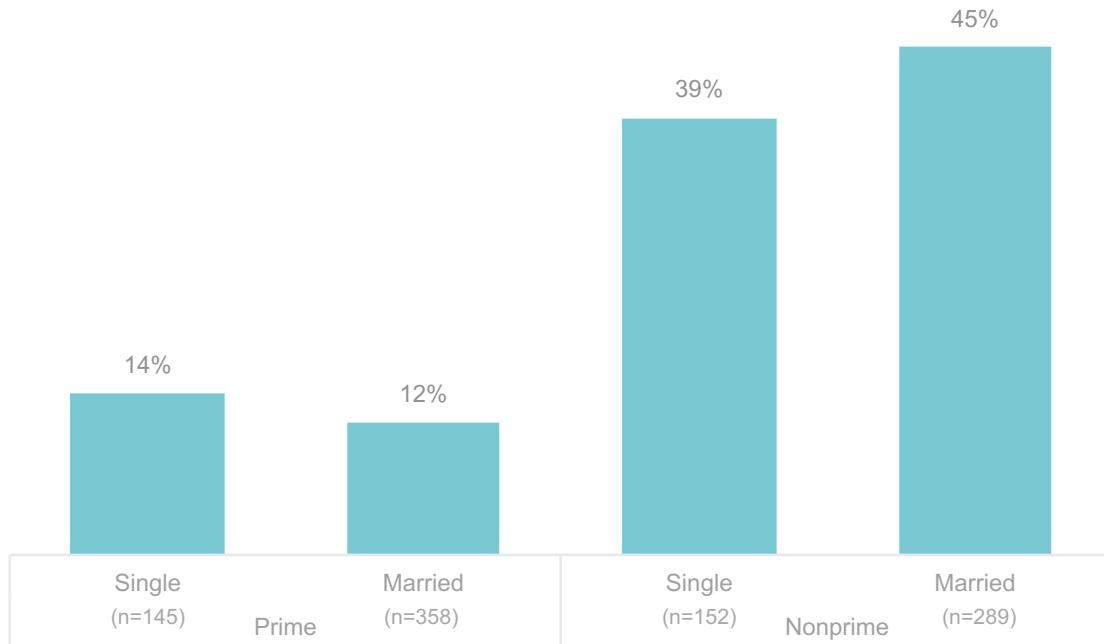
Confidence with financial matters drops with nonprime Americans and plummets for nonprime married people.

* Top 2 Box; Q4: What is your marital status? * Q27r14: On a scale of 1 to 5, where 1 is 'strongly disagree' and 5 is 'strongly agree', how much do you agree or disagree with the following statements? * hClassification: Hidden question (prime / nonprime)

Source: Financial Life, Dec. 2016

Worry over monthly expenses

I worry all the time about being able to meet monthly living expenses



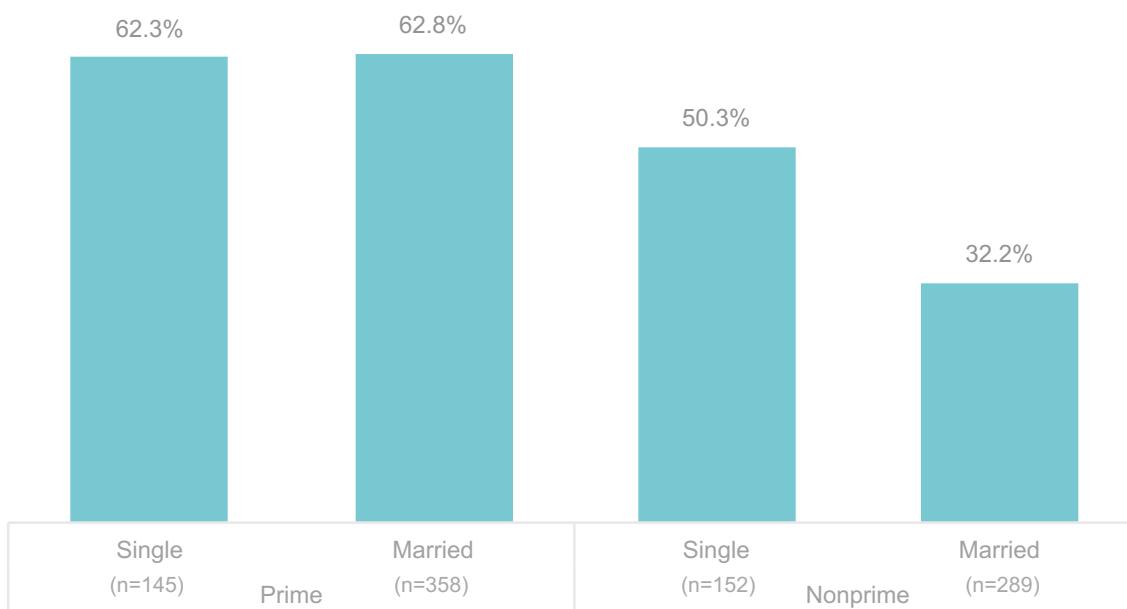
Married nonprimes are four times as worried about meeting monthly living expenses as their prime counterparts.

* Top 2 Box; Q4: What is your marital status? * Q27r14: On a scale of 1 to 5, where 1 is 'strongly disagree' and 5 is 'strongly agree', how much do you agree or disagree with the following statements? * hClassification: Hidden question (prime / nonprime)

Source: Financial Life, Dec. 2016

Long-term, financial security

I am confident that I can meet my long-term goals for becoming financially secure



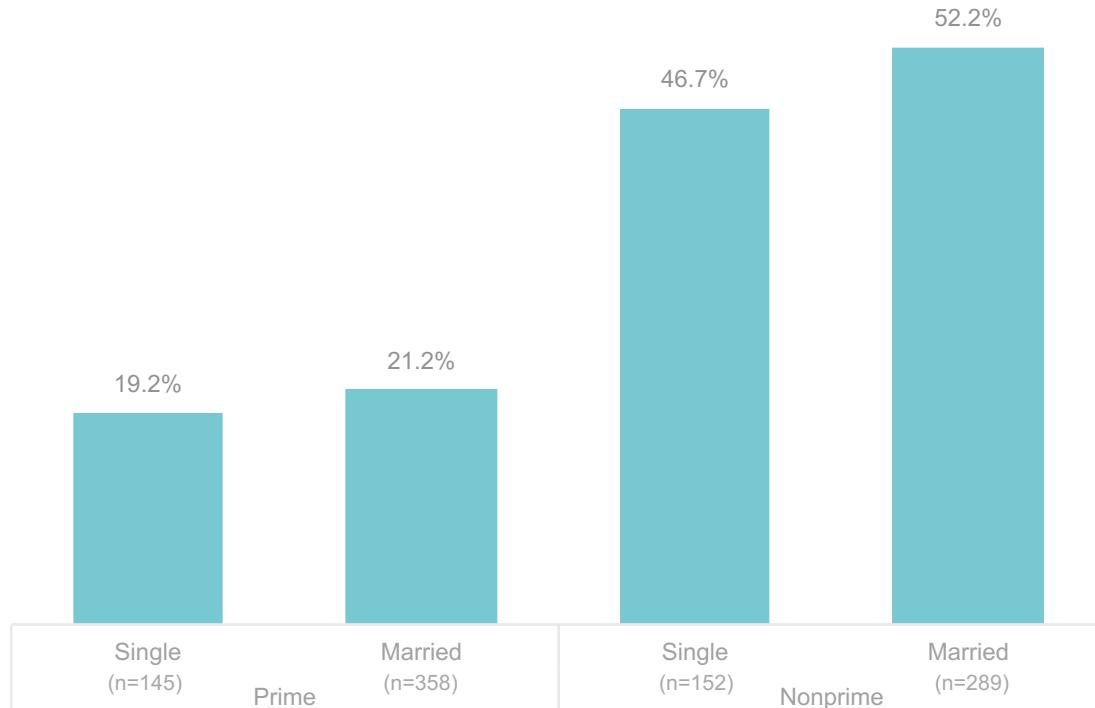
Married nonprimes are half as likely to be confident that they are on track with long-term goals to become financially secure.

* Top 2 Box; Q4: What is your marital status? * Q27r14: On a scale of 1 to 5, where 1 is 'strongly disagree' and 5 is 'strongly agree', how much do you agree or disagree with the following statements? * hClassification: Hidden question (prime / nonprime)

Source: Financial Life, Dec. 2016

Finance-inducing stress

My finances cause me significant stress



Unsurprisingly, nonprime Americans feel that their finances cause them significant stress, at more than twice the rate of prime Americans.

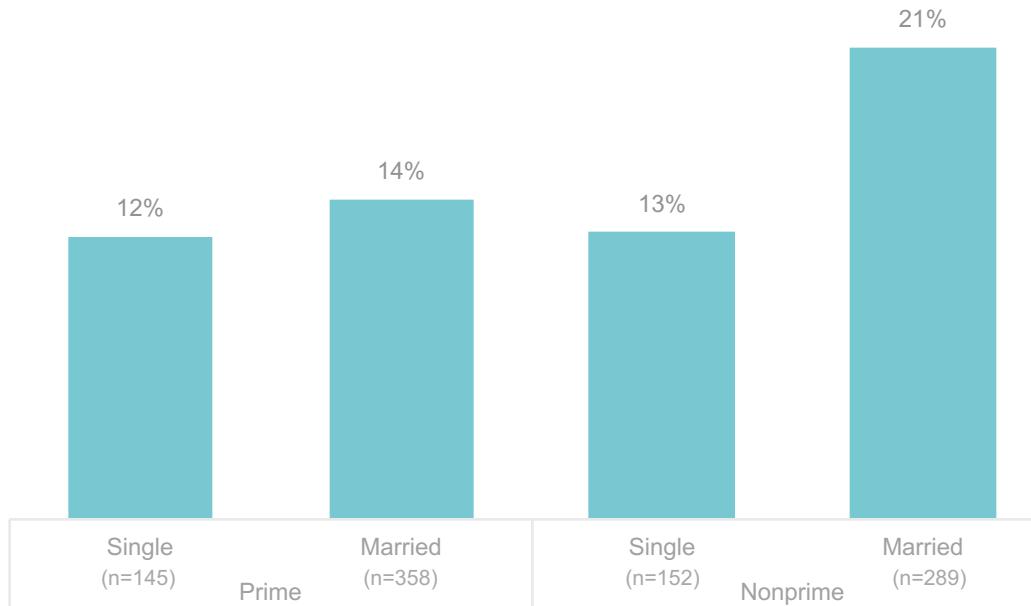
More than half of married nonprimes experience that stress.

* Top 2 Box; Q4: What is your marital status? * Q27r14: On a scale of 1 to 5, where 1 is 'strongly disagree' and 5 is 'strongly agree', how much do you agree or disagree with the following statements? * hClassification: Hidden question (prime / nonprime)

Source: Financial Life, Dec. 2016

Sense of control in their lives

I have little control over the things that happen to me



Married nonprimes are much less likely to feel they have control in their lives, even when compared to their single nonprime counterparts.

* Top 2 Box; Q4: What is your marital status? * Q27r14: On a scale of 1 to 5, where 1 is 'strongly disagree' and 5 is 'strongly agree', how much do you agree or disagree with the following statements? * hClassification: Hidden question (prime / nonprime)

Source: Financial Life, Dec. 2016

What drives relationship conflicts over money?

Financial Betrayal

"One of my girlfriends in college stole my credit card and went on a mini shopping spree with it. That ended the relationship."

Financial management

"We disagreed about how much of a down payment (from savings) we wanted to put down on a car once."

"How to pay back student loans."

"How to pay back a loan"

"Student loan debts."

"Fight over her mom's will money"

Life-sized purchases

"Buying new car we couldn't afford."

"Whether or not we should remodel the kitchen"

"When buying a home once, we disagreed, and of course, I wanted the more expensive one."

"We were talking about possibly saving up to get a house, but with our budget tight like it is I did not know how we could possibly do it. We argued for days and days about it."

Big, discretionary purchases

"How much to spend, when we are buying things for our place."

"Over how much money to spend on our vacation."

"Luckily the biggest so far was over a (very overpriced) couch."

Bringing debt into the relationship

"Partners debt with credit cards, student loans and other bills"

Day-to-day spending

"Credit cards. He sees them as free money, and doesn't worry about paying them off."

"eating out so often"

"he thinks i shouldn't spend it"

Managing a financial crisis

"How to spend money when we were going through hard times, financially. We both had different ideas of what we could be doing with what money we had at that time."

"about how to split the rent while I wasn't working"

* Qualitative study; n=61; What was the biggest disagreement you have ever had with your partner about money?

Finances in a relationship

Relationship and money can be categorized by two propensities: how active the individuals in the relationship are in the household finances and how cooperatively they work. The following are representative quotes that represent the different behaviors:

	Passive	Active
Cooperative	"I nag until he gives in." "I usually defer to her since she usually errs on the side of frugality or caution."	"We talk until we figure it out" "Usually if we can't both agree that something is necessary, we'll drop the issue for the time being"
Independent	"My husband is more-so than me because he makes the majority of the money. We do it together but he is responsible for making the bills"	"We typically just agree to disagree. We each have our own money and different accounts so it rarely gets too heated."

* Qualitative study; n=61; When you and your partner don't agree about your finances, what happens?

Quantitative Methodology

The primary purpose of this study was to determine how nonprime Americans were similar or different from those with prime credit on a range of behaviors and attitudes.

Interview Dates: December 6-14, 2016

Sample Specs:

- Total Respondents = 1,217
- Sample Source: Research Now Consumer Panel

Qualification Criteria:

- Ages 18-64
- Personal income: Any
- Geography – U.S. Rep
- Has primary or shared responsibility managing HH finances
- Employment: No students or unemployed
- Has a checking or savings account

Survey Instrument: 15 minute online questionnaire

↑ Arrows indicate statistical significance at 90%, over prime/unprimed cohort

Qualitative Methodology

The primary purpose of this study was to explore how couples managed money in the context of their relationships.

Interview Dates: January 25, 2017

Sample Specs:

- Total Respondents = 41
- Sample Source: Remesh

Qualification Criteria:

- Ages 18-64
- Personal income: Any
- Geography: U.S.
- In a committed relationship

Survey Instrument: 30 minute online conversation executed through the Remesh platform

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 challenges of America's growing "New Middle Class."

For more information, visit: NewMiddleClass.org

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