

Avoid a meltdown when mixing your friends and finances

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Ever felt like you and your friends no longer mesh when it comes to money? It's not only couples who fall apart when they don't see eye-to-eye on spending and saving. Peer group pressure raises its head in a range of modern money dilemmas and suddenly you can find yourself wrestling with guilt, resentment, envy and angst over what your friends do - or don't do - with their dollars.

Dominique Bergel-Grant, the founder of financial advice site Leapfrog Women and Money, says money often becomes a source of tension among friends in their late-20s. Some people might be hitting the earnings big time, while others are working part-time while they retrain.

It can also be a time when people prioritise. Getting plastered every weekend may no longer gel with your buddy's plans to buy a house.

Here are some tips for negotiating the pressure points, without jeopardising your friendships or good financial intentions.

The overseas wedding invite Every second couple now seems to be getting hitched in Bali, Fiji or Thailand, and the invites often arrive in clumps. Save the date? More like: save the dollars.

Marnie Turner agreed to be a friend's bridesmaid before she knew the wedding would be in Fiji. She also didn't know a marriage proposal would be coming her way shortly too. "I considered pulling out because of costs and was given this option by the bride, but flights were already paid for so I still went," she says. Altogether the invite cost the couple about \$4000.

Zoe Lamont, founder of 10thousandgirl, a financial literacy campaign, understands the pressures. She passed on a friend's Fiji wedding that was just a few weeks before her own. But she and her husband, Frank, accepted an invitation for a New Zealand wedding. "We've just bought a house so it's not ideal financially but it's one of my husband's best friends and it was sort of a non-negotiable from the start," she says.

Her advice? Tell your friend honestly and as soon as possible if you're short on funds or leave. Or just have other priorities. If you decide to go, be resourceful. In Lamont's circle they club together for gifts. She books flights early and stays in group accommodation if possible.

Keeping up with the iPhoneses Fear of missing out has been a fantastic phenomenon for mobile providers. But keeping up with friends on the technology front can be tough for people on a tight budget. So weigh up what you really need.

Even tech coach Megan Iemma prioritises, confessing she only got her first smartphone recently. "As a tech expert people expect me to have the latest gear ... but financially it's not viable and often products are superseded."

Lamont says it's about making choices between the now and the future: "I think we have to be really strong in this modern world to keep asking ourselves honest questions about what's important and what we can really afford."

Financial arrangements with friends One woman admits to letting money ruin a friendship, after she and a close friend fell out over \$200 owing for some work. "At first, everything was fine. My friend indicated that she would pay in the following couple of weeks. Then contact from her dwindled to near nothing."

Even though she made it clear it shouldn't affect the friendship, after months of no word and no money she turned to Facebook and vented.

With friends increasingly jumping into property or business together, it's worth laying ground rules early.

Bergel-Grant suggests having the tough conversations upfront, ideally with the help of an accountant, financial adviser or solicitor, can save dollars and angst later.

Put a legal agreement in place and work out acceptable triggers to exit that financial arrangement. "You might even say we agree to be in this investment for five years," Berger-Grant says.

Bill-splitting Apps such as Quicklypayit show the problem of working out who owes what at the end of the night ain't getting any easier. There's always someone in the crew who orders cocktails when you're on a beer budget. Or the person who orders the \$100 bottle of wine and then expects everyone to split the cost.

Research by the REST industry super fund found 49 per cent of Gen Ys admit to skipping out on their round at least once to save money.

Things can get trickier when circumstances change but expectations don't. When Bergel-Grant switched from being a salaried financial adviser to running her own business she began to notice how often she'd been covering meals or drinks for friends.

"I was beginning to resent when people were expecting me to pay for things," she says. Her advice: avoid nasty surprises by agreeing upfront everyone will pay for their own meal. If you're on Easy Street, be aware not everyone lives there.

And the person who skips to the loo when it's their shout? "Make sure they do the shout first the next time that you go out," she says.

This story was found at: <http://www.smh.com.au/money/planning/avoid-a-meltdown-when-mixing-your-friends-and-finances-20140225-33dk9.html>