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Yours, Mine, and Ours: How to Manage Money in Marriage

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By Nanci Hellmich

Marriage is for better or worse, but couples can avoid some of the worst marital meltdowns if they talk more about how to manage their money.

Many relationships would be a lot happier if people spent more time discussing their finances before they got married and throughout their years together, says Catherine Seeber, a CAPTRUST financial advisor in the Philadelphia area.

“You have to be honest with each other from the outset, realize there will be challenges, and recognize that your priorities will change over time,” she says.

Deborah Price, author of *The Heart of Money: A Couple’s Guide to Creating True Financial Intimacy*, agrees. Couples do better together if they are willing to be fully transparent about their financial wants, needs, and expectations, she says.

But that’s easier said than done. Research indicates that money is a huge stressor in many people’s lives and a major cause of marital conflict and divorce. In fact, 61 percent of adults in the U.S. say that money is a significant source of stress, according to a recent survey from the American Psychological Association.

Talking about finances is difficult for many people, and some go to great lengths to avoid any discussions about it. One reason for this is they don’t fully understand their own relationships with money, says Jeremy Altfeder, a

CAPTRUST financial advisor in Raleigh, North Carolina.

Take Stock of Your History

How you view money has a lot to do with how you were raised, he says. Did you come from a wealthy family, or did your family struggle from paycheck to paycheck? Did you watch your father write the bills every month with his hand on his forehead, or did you get picked up from the country club? Did your family go on vacations to Europe every summer, or did you camp in your backyard?

Many people don't take the time to figure out their own relationships with money, and they definitely don't do a good job sharing that information with their spouses, Altfeder says. That's partly because the subject is so personal, he says. "It pulls at your heart strings. It pulls at your memories. It pulls at your hopes for the future."

That said, people need to work at being completely honest about how they view money and draw those issues out of their partners, no matter how painful that can be, Altfeder says.

He has noticed that it's fairly common for one spouse to be a bigger spender and willing to take on more debt than the other, and that's bound to cause conflict.

Have Thoughtful Conversations

How much debt people are comfortable with varies widely. You have to be completely honest with your spouse and not hold back your opinion about debt, Altfeder says. "If you are not communicating with your partner about how you actually feel, then your partner cannot completely understand how you feel."

If you don't, bitterness builds over time. One partner may resent the other's spending or savings habits but doesn't know how to address the issue directly without causing an argument, Seeber says.

For instance, one person may want to go on vacations, while the other would rather save for the kids' college education or a bigger nest egg for retirement, she says. One may want to spend more money on dining out, while the other would rather have a larger emergency fund, she says. These kinds of differences can simmer for years and erupt into major problems later in life.

She suggests engaged couples initiate a conversation with their future spouses by asking this question: If there are any extra funds left in the budget at the end of the year, what would you want to do with it?

Your partner's answer to that question will give you insights into his or her mindset about spending, saving, and debt, Seeber says, and it could lead to deeper conversations about your expectations for the future.

Price, the founder and chief executive officer of the Money Coaching Institute, which certifies money coaches, believes that these types of conversations are critical for engaged and married couples. When she is working with clients, she has both partners make a list of what they value most in life. Generally speaking, those values are not perfectly aligned.

Then she has them go over their lists together and prioritize what they are going to do with any extra funds. "There is no one-size-fits-all solution. It has to be something they decide together," Price says.

Create Personal Plans

Some couples have developed their own effective strategies for dealing with their finances, including:

- Operating with honesty and transparency. They run everything through one credit card and one joint checking account so they know exactly how much each person spends, Altfeder says.
- Making a pact. They have an agreement that neither one will spend more than an agreed-upon amount

without discussing it with each other first. The agreed-upon amount is the same for both and based upon their particular finances. For instance, it might be \$50, \$100, or \$200.

- Giving themselves stipends. They put all their income into one main account monthly, and then they put a stipend into separate accounts for each of them. That money is theirs to use as they choose. They might save it or use it for gifts, meals out with friends, golfing outings, and other personal expenses.
- Splitting bills based on income. Some people contribute a percentage of money to the household bills based on their income, Altfeder says. So if one person makes 50 percent more than the other one, then they pay 50 percent more of the expenses.
- Dividing the bills. Some couples split the bills, and each one pays for different household expenses.
- Keeping their finances separate. Sometimes people don't merge their funds, but they have one account for paying their joint household bills, Seeber says.

"Many newlyweds have yours, mine, and our accounts while they start adjusting to each other's spending patterns," she says.

Those couples should sit down together every month and take a look at their finances and clear up any problems. Each partner should be fully transparent about what he or she is spending money on.

She advises focusing on saving, working together to put aside funds for their top priorities, such as an emergency fund, retirement, their children's college education, the down payment on a home, or other big expenses. Saving is essentially paying yourself first so you can fulfill your future dreams, she says.

"Make sure to celebrate financial victories and discuss where improvements could be made," she says.

Altfeder adds, "The key to success with finances in marriage is akin to the key to success in other areas of the relationship: Communicate about it no matter how difficult."

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