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When My Money and Your Money Becomes Our Money

There are a lot of reasons couples combine their finances—and a lot of reasons it can be difficult

By Cheryl Winokur Munk

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For married couples who seek to combine finances after years of keeping their own accounts, the process is rarely as simple as saying, "I do."

This is true whether we're talking about couples who have just gotten married, or couples who have been married for a while and have decided that it's time to extend that togetherness to money. Whatever the reason and however long the union, combining finances raises a host of complex psychological issues that can be difficult to navigate.

"Combining finances is an emotionally charged issue," says Laura Louis, a licensed psychologist and owner of Atlanta Couple Therapy who helps couples work through these types of issues. "They are not just talking about dollars and cents. They need to be sensitive to their partner's emotional well-being and be empathetic."

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Couples, of course, have all sorts of reasons for wanting to merge their finances. For some spouses, keeping separate finances is simply too complicated, especially once they have children. For others, financial trust is a crucial part of being a couple, and joining finances helps them feel more like a couple and less like roommates. For couples nearing retirement, there is the issue of supporting their joint lifestyle after neither spouse has a regular paycheck coming in.

For all of these couples, the trick is to get the benefits of a financial union while minimizing the emotional roadblocks that come with the fear of losing independence and control, say financial advisers and couples therapists. Among other things, couples need to be willing to discuss their fears and desires around spending and saving. Joint budgeting also is important, and when sticking points arise, couples need to be willing to compromise and craft solutions that are amenable to both spouses. To that end, they need to avoid being judgmental about a spouse who thinks about finances differently than they do.

“When one’s a saver and one’s a spender, each just thinks the other is a jerk,” says Adam Kol, owner of AHK Coaching LLC in Oakland, Calif., who counsels couples on how to discuss and work through financial issues.

Loss of control

Still, it can be painful for individuals to give up control of what they see as their *own* money. What’s more, many couples haven’t had healthy conversations around money in the past, so there often are underlying anxieties ready to bubble to the surface. It can be especially hard when one spouse grew up poor and is now financially secure, because there’s often a fear of returning to those earlier days. It also can be difficult for spouses who had bad prior relationships and have underlying trust issues.

So how do couples overcome these fears and get to a place where they can comfortably share their finances?

Ryan and Molly Rollins, of Richmond, Va., (pictured with daughters Juliet, 3, and Maggie, three months) say that working through the details of merging their finances a few years into their marriage wasn’t easy. PHOTO: JULIA RENDLEMAN FOR THE WALL STREET JOURNAL

To start, experts suggest that each spouse meticulously track expenditures and savings. This process, which includes looking through both of their credit-card statements and other bills for several months, can be eye-opening, because many times one spouse simply isn’t aware of how much the other spends and on what, financial advisers say.

Understanding each person's cash flow—the details of what each is spending, what it's being spent on and why—helps avoid surprises and resentment later on, says Michael Farrell, managing director of SEI Private Wealth Management in Oaks, Pa. It also can help couples talk about their priorities for saving and spending, so they can come to an understanding about what they want to do moving forward and where they want to end up.

After all, says Kathy Fish, president and senior adviser at Fish and Associates, a financial-planning and wealth-management firm in Memphis, "any money decisions made today by either one of a couple can have an impact on joint goals."

Pratibha Vuppuluri, 37, and her husband, Philip Au, 32, of Manhattan combed through their spending and savings meticulously when they were considering combining their finances after five years of marriage. Once they had a child, they decided it made more sense to have a proactive family budget, instead of looking back at the end of the year and seeing how much each of them had saved individually.

To reach this point, they had multiple conversations about each of their financial goals, and tried to anticipate potential conflicts. Mr. Au, an investment banker, was always a conscious long-term saver; Ms. Vuppuluri, a blogger at an online resource guide for women, was more focused around saving for life-event goals such as their wedding, pregnancy or travel. So they sought to decide together what their savings goals should be as a family.

This resulted in several conversations around their personal interpretations of financial security and the quality of life they each envisioned for themselves and their child.

One area that was slightly contentious was spending. Ms. Vuppuluri enjoys dining out with friends, but Mr. Au was concerned that multiple outlays would add up and crimp their ability to save. Their solution was to build some wiggle room into the budget so she could continue to eat out on occasion with friends.

Every weekend, the couple takes 10 to 15 minutes to review their expenses for the past week so they can make adjustments to their spending over the next few weeks, if needed. This helps alert her if she is making too many small purchases, and it gives him the peace of mind that they are on track to achieve their long-term goals.

Ms. Vuppuluri says going through this process helped ensure they weren't telling each other how to spend, which could have ended up "in unnecessary conflict over minor things." Rather, they came up with a budget together that worked for both of their habits and was aligned with their overall savings goals.

Fun money

Jon and Jennifer Dulin took a somewhat different approach when they joined accounts after

Ryan Rollins says the initial strict regimen he tried to impose on his wife "caused a fair amount of conflict since I wasn't being sensitive to the fact she didn't have previous financial issues." PHOTO: JULIA RENDLEMAN FOR THE WALL STREET JOURNAL

about two years of marriage.

After weeks of discussions, the Dulins, now both 40, decided on a system that involves joint accounts for most kinds of spending, as well as separate accounts for "fun" money, which they fund at an agreed-upon amount each month. Initially the plan was to combine everything, but they didn't want to feel they had to ask permission to go out with friends or buy each other a holiday or birthday gift, so that's where the idea of separate fun accounts came in. At first they were putting $200 a month into each of their accounts, but they found they weren't using it, so they lowered it to $150, says Mr. Dulin, who owns a personal-finance website.

They still discuss most purchases, however. For instance, Ms. Dulin, who provides leadership training for companies, questioned whether coloring her hair should be considered a personal expense. After discussing it, they agreed it belonged under the personal-care category of their joint budget.

"We have a lot more conversations about money than we were having before," Mr. Dulin says. "I think that's a good thing. The more that you talk about things, the more you can make sure you're on the same page."

Conflicting perspectives

For many couples, the hardest part about merging finances comes when the spouses are on different financial footings or have different financial goals. Ryan and Molly Rollins, both 38, of Richmond, Va., went through the process of merging finances a few years into their marriage. While they had talked about it from the start, Ms. Rollins, a writer and editor, wasn't in any rush to shake things up. She was in her mid-30s at the time, had been managing her own money for years and was financially secure. Mr. Rollins, on the other hand, was working to pay off sizable debt he had amassed before their marriage. He felt strongly that combining their finances would be better for them both financially. She was in favor of the idea in principle. But working through the details wasn't easy.

As a prerequisite to combining finances, Mr. Rollins, a product manager in the financial industry, initially tried to impose on his wife the strict regimen that was helping him meet his goals, which included getting rid of any credit cards and rigidly adhering to a budget.

"This caused a fair amount of conflict since I wasn't being sensitive to the fact she didn't have previous financial issues," Mr. Rollins says. "I was asking her to do things that didn't make sense for her."

Ms. Rollins say that her husband "was so laser-focused on saving and erasing debt that he was frugal to an extreme." She says she feared that the same expectations might be forced on her, even though she was already "pretty reasonable" with her spending and didn't have financial issues that needed solving.

She ultimately agreed to merge finances after he toned down his rhetoric and compromised. So, for instance, they decided to open a joint credit card and pay off their balance every month, as she had already been doing. They don't have monthly budgeting meetings—as he initially had requested—but they talk often about their finances and make sure they're in sync. As for budgeting, he tracks their spending online so they can have informed discussions and make tweaks if needed.

Ms. Rollins also maintains a separate checking account so she can have personal spending money without feeling like she has to check with her husband. In reality, she says she hardly uses the account, which has dwindled to around $50. "It ended up not being the issue or the need I thought it would be, but just knowing it was there—it was comforting," Ms. Rollins says.

Couples can also run into conflict when each spouse has different investment philosophies and risk tolerance. Mr. Dulin, for instance, is more of a risk-taker than his wife, who invests more conservatively. The couple solved this problem by leaving their existing investment accounts as they were and naming each other as the beneficiary. They then opened a joint account with a 50/50 mix of stocks and bonds, an allocation they are both comfortable with.

Conflicts in retirement

For older couples who have kept their finances separate for a good part of their marriage and are now nearing retirement, the transition can be even harder. And old habits can be even harder to break.

Many couples, for instance, may have similar incomes during their working years. But because their savings patterns differed, one may have enough to retire while the other doesn't. Yet they

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"Never mix finances and romances! My partner and I have been together for 15 years and we keep everything separate. It's easier for us because we have very few shared expenses (food, utilities, gas, insurance and property taxes) and no shared debt. We keep a 'monthly accounting' bin where all receipts go. We tote up who paid for what at the end of the month, and the party that paid less transfers the difference to the other party." — Sharon Weiss

want to stop working at the same time, to enjoy retirement together. So even though they may have enough total savings to retire, there's a tendency for one spouse to feel territorial over their savings, says Mark Fried, president of TFG Wealth Management, a registered investment adviser in Newtown, Pa.

When these types of psychological barriers arise, Mr. Fried says he helps couples recognize that one spouse was likely able to save so much because of sacrifices the other spouse made. For instance, the wife may have stayed home with the children and that allowed the husband to save more at a time she couldn't. "They need to understand that money in the left pocket is the same as the money in the right," he says.

It took 69-year-old Sam Beasley and his wife, Suzanne Lorenz, 70, more than a year from the time they started discussing combining finances to the time they pulled the trigger. They had kept

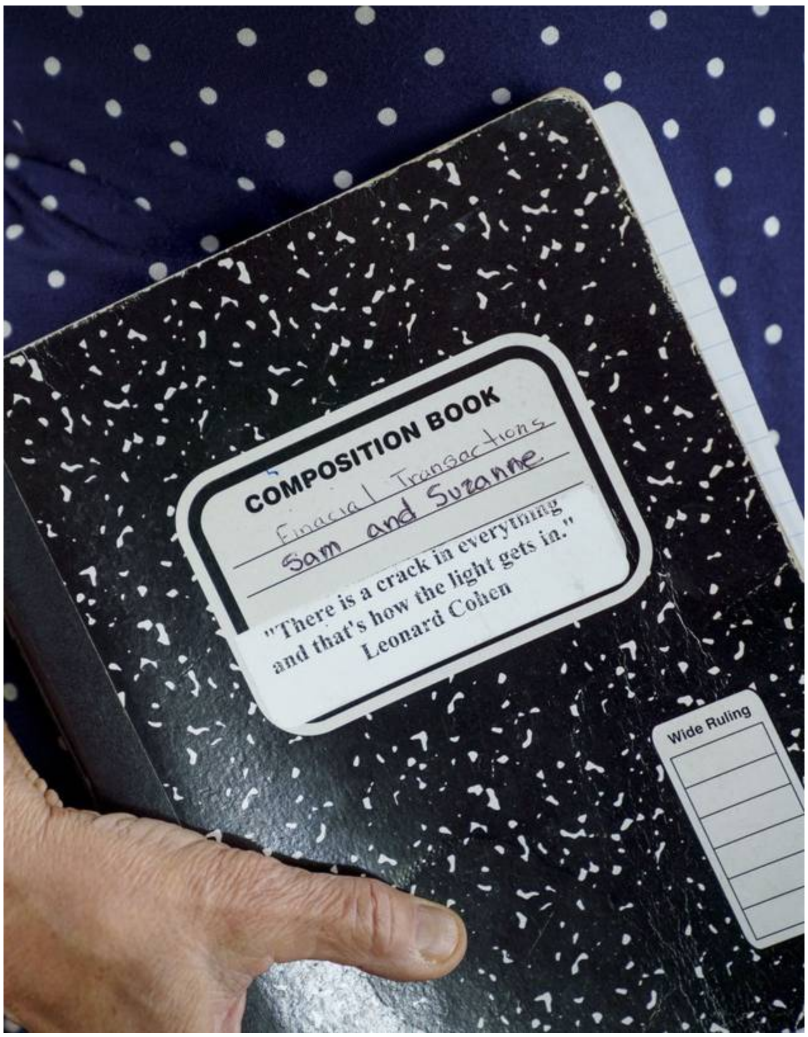
Suzanne Lorenz, and her husband, Sam Beasley, of Seattle, decided to pool their money, after 24 years of having separate finances, so they could more easily enjoy shared interests in retirement. PHOTO: SARAH HOFFMAN FOR THE WALL STREET JOURNAL

their finances separate for 24 years, but as retirement neared, they decided to pool their money so they could more easily enjoy shared interests like travel, spending time with grandchildren and music.

Initially, Mr. Beasley was uncomfortable with the idea. “I almost felt like an animal protecting my food,” he says. “I think somewhere in my mind I thought, ‘What if there’s not enough for me?’ ”

To help put him at ease, the Seattle-based couple says, they had many discussions about how they would choose to spend their money, both individually and together. In cases where they didn’t initially agree, they stepped away and came back later to discuss the point again.

Psychologically, Mr. Beasley, who is mostly retired as an entrepreneur, says it was hard for him at first to think of the money as theirs, especially since he came from a background of poverty, even having been homeless at one point.



Suzanne Lorenz says the couple’s weekly meetings “keep ourselves in balance with what’s important to us.” PHOTO: SARAH HOFFMAN FOR THE WALL STREET JOURNAL

For both of them, learning how to communicate about the pooled money was a challenge. They initiated weekly meetings to make sure they stay on track and are communicating often. At these meetings, they review things that are important to them, such as art, community service, socializing with friends and house upkeep. They make plans together based on their discussions, and this helps formulate the next month’s spending plan.

“Our meetings keep ourselves in balance with what’s important to us,” says Ms. Lorenz, who is a retired therapist.

Certainly, couples who merge finances need to recognize that there can be some festering issues even after accounts are joined. Jay Ferrans, president of JM Financial & Accounting Services, a wealth-management and retirement-planning firm in Southfield, Mich., say he has seen instances when one or both spouses have trouble adjusting to the new mind-set or when one spouse’s spending starts to spiral out of control once the finances are joined. Couples need to make sure they talk through any issues that come up and find solutions acceptable to both.

But for couples who combine their finances successfully, the end result can yield benefits that go far beyond the practical reasons that prompted them to join finances in the first place.

Consider Lauren and Kyle Mochizuki of San Juan Capistrano, Calif., who merged their finances two years into their marriage. Ms. Mochizuki, now a 34-year-old nurse, says she was resistant when her husband first proposed the idea of combining finances as a way to eliminate their debt. But Mr. Mochizuki, now a 43-year-old firefighter and paramedic, persisted. Three years after merging their finances, they finished paying off $266,000 of debt.

But that might not have been the biggest payoff. “I’m so thankful we went through this process,” says Ms. Mochizuki, “because it taught us so much about working together and what it means to be good stewards of our money.”

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