

The case against completely merging finances with your spouse

Shana Lebowitz | Nov 7, 2016



You can still be happy, even if you don't share all your money.

Getting married is a pretty huge decision.

But once you decide to [tie the knot](#), you set off a chain of other difficult decisions, not least among them whether to [combine your finances](#) or keep things separate.

There's no right or wrong answer, and it depends entirely on the couple — which makes things frustrating. We spoke to both a financial expert and a couples therapist to find out why it might make sense *not* to completely merge finances with your spouse.

Here are the top reasons they cited:

1. You're blending families

A so-called "blended" family is one in which spouses have kids from another relationship.

According to Thomas J. O'Connell, president of International Financial Advisory Group, Inc., sometimes parents who have [gotten divorced](#) are legally required to set aside money for child support or a [college fund](#). So they can't share that money with their new spouse.

In other cases, O'Connell said, a divorce settlement might include the stipulation that one partner has to maintain their ex-spouse as the beneficiary on their life insurance policy for a certain period of time.

For example, maybe the ex-couple has underage children and they need to protect the cost of a college education in case one of the ex-spouses unexpectedly dies. Or, a couple might divorce with an outstanding joint debt, such as a mortgage. In that case, one partner would need to keep their ex-spouse as the beneficiary on their life insurance policy to guarantee that the debt is repaid.

2. One spouse is a lot better with money

O'Connell said he advised a married couple in which the husband didn't know or care much about finances. He had a tendency to withdraw money from the ATM and spend it without thinking about bills he still needed to pay.

The husband was fine letting his money-savvy wife handle everything. Together they decided that the husband would only be able to withdraw money from a separate spending account, so that he didn't blow through their savings.

"Sometimes, if you have somebody who's not as responsible, you need to take a look at what you want to commingle or not mingle," O'Connell said.

3. It makes more sense tax-wise to keep things separate

When it comes to contributing to [IRAs and Roth IRAs](#), O'Connell said, once you get married, you typically don't get double the income allowances for deductibility.

For example, a single person phases out of Roth IRA contribution eligibility when they have a modified adjusted gross income between \$117,000 and \$132,000. But a married couple filing jointly phases out between \$184,000 and \$194,000.

4. You've been left an inheritance

Some people want to keep inherited assets separate, O'Connell said, to make sure it flows through their bloodline.

O'Connell said that many couples he advises are worried about the potential of divorce, and they're afraid that their family's money will end up in the hands of their ex-spouse's new partner.

5. You came from a marriage or a family in which money was a major problem

Michael McNulty, a certified [Gottman](#) relationship therapist, said it's important for each spouse to feel safe in a marriage.

If someone came from a family in which money caused major problems, they might be more fearful about letting someone else share control of their finances. Likewise, if someone's ex-partner was an over-spender, they might worry about running into the same issue with their new spouse.

Regardless of whether you choose to combine finances or keep them separate, McNulty said it's crucial to have an ongoing dialogue about it.

Especially if you're deciding not to merge finances, each spouse should share any past traumas, betrayals, or fears around money. You should also talk about any "disaster scenarios" you're imagining if you merge.

"All of a sudden, [one spouse will] say, 'I understand why this is important to you,'" McNulty said. "That begins to help them understand their partner isn't just being mean."