



# 5 Ways Money Can Wreck Your Marriage

By Shelly Gigante

Money may make it easier to treat your true love to a dream vacation, or purchase the perfect four-bedroom home, but for many couples finances are also the root cause of heartache and pain.

Nearly one-third (31 percent) of adults with partners report that money is a [major source of conflict](#) in their relationship, according to a 2014 American Psychological Association (APA) “Stress in America” survey.<sup>1</sup>

And some evidence suggests that spending-related disputes are among the hardest to resolve. A 2009 [study](#) by researchers at the Department of Human Development and Family Studies, University of Wisconsin-Madison found that money issues were more pervasive, problematic and recurrent than non-money issues. They were also more likely to remain unresolved, despite more attempts at problem solving.<sup>2</sup>

While saving and spending habits are fertile ground for disagreements, however, they need not wreck your relationship.

By educating themselves on the five most common money missteps in a marriage, couples can potentially learn to communicate more effectively and identify small problems before they become divisive.

## 1. Not Talking About Money

Open, honest communication about financial goals and priorities is imperative to a healthy partnership. But many couples focus instead on major milestones like getting married, buying a house or starting a family, believing the budget will sort itself out. Not likely.

Keeping mum about money “is perhaps the biggest mistake of all,” said Tom O’Connell, president of [International Financial Advisory Group](#) in Parsippany, New Jersey, in an interview.

“How can you know what the other thinks about money or does with money or what they want the money to do for them if you never talk about it?” he said. “Maybe one spouse is a spendthrift and the other a mega saver? There is going to be a major conflict there without any kind of communication.”

Just because your financial philosophies differ, of course, does not mean your relationship is doomed, said Lauren Papp in an email interview, a psychologist and professor at the University of Wisconsin-Madison, who co-authored the 2009 UW survey. (**Related:** [Money Questions to Ask Before Popping the Question](#))

A “spender” and a “saver” can “balance each other out,” she said, so long as they each know what to expect. Added bonus: By leveling with your mate early and often, you are also better positioned to play to your strengths. If your husband is more organized than you, for example, it might make sense for him to manage the monthly budget, while you (with your interest in stocks and bonds) handle the long-term investing.

## **2. Keeping Financial Secrets**

Keeping secrets from your partner (about anything) is a sure-fire way to shatter trust. But a surprising number of couples hide what they spend from their spouse.

A 2014 Harris Poll on behalf of the National Endowment for Financial Education (NEFE) found one in three adults who have combined their finances in a current or past relationship admit to committing “[financial infidelity](#)” against their partner. That includes

hiding either a purchase, bank account, statement, bill or cash from their partner or spouse. A smaller percentage (13 percent) said they committed more severe financial deceptions, like lying about the amount of debt they owed or how much they earned.<sup>3</sup> When financial deceptions occurred, the survey found, 76 percent said it had an effect on the relationship. (**Related:** [A Marriage Financial To-Do List](#))

“People commit financial infidelity because although they are sharing everything with their partner or spouse they believe that certain parts of their financial situation still should remain private,” said NEFE Director Patricia Seaman, in a press release. “Additionally, people are afraid of what their partner is going to say, or how they will be judged, or they may be embarrassed.”

Honesty, though, is always the better policy.

### **3. The Dollar Bill Dictator**

When one party controls the cash flow, the relationship can become unbalanced – even paternalistic – which breeds resentment all around. The bill payer is forced to budget solo, a significant burden, and the other is in the position of having to ask for cash. Not fun.

“We want to know that we’re in this relationship together with our partner,” said Papp, who is also director of the UW Couples Lab. “Therefore, money may reflect equity in the relationship.”

The APA recommends couples share responsibilities for paying the bills equally, so they both appreciate the amount of money that goes in and out every month. Taking turns with the household finances also creates opportunities to identify waste and discuss needs versus wants in a targeted way.<sup>4</sup>

Some couples trade the job of managing household spending back and forth every month. Others, as noted earlier, may designate different roles, putting one partner in charge of savings and investments, and the other on point for paying the bills.

One other tip for keeping the peace? Some marriage therapists suggest that couples who quarrel over money may wish to consider a “you, me, we” account system – whereby both parties contribute to an account that pays for joint living expenses (mortgages, health insurance, groceries), but they each also maintain separate accounts for discretionary spending – no questions asked.

Whatever system you deploy should be mutually decided, and fair.

#### **4. Blended Family Budget Blunders**

The financial picture for couples who tie the knot a second (or third) time can be far more complex. Both parties may bring to the table real estate, personal savings, retirement accounts and life insurance – not to mention kids from a prior marriage.

Absent proper planning, some remarried partners put their assets unintentionally at risk – which can force their blended family members to eventually take sides.

**(Related: [Second Marriage Finances](#))**

To prevent avoidable infighting, be transparent and leave nothing to chance, said O’Connell.

Have a meeting with your new mate, ideally before you walk down the aisle, to discuss assets and liabilities, as well as financial goals. Does one of you owe child support? How will joint expenses – and health insurance– be handled? Who pays for the kids’ college education?

A prenuptial agreement, which is increasingly common among blended families, may be necessary to clarify which assets, if any, will be co-mingled and which will be kept separate – and, more importantly, how your money will be divided should the marriage dissolve.

Remarried partners should also ensure the beneficiaries to their will, life insurance policies and retirement accounts are up to date and reflect their new marital status, if desired, said O’Connell.

And, they should review and discuss their estate plans to ensure their assets will be distributed according to their wishes after death. Will your savings go to your surviving spouse if he or she outlives you? Or to your biological kids. Or both?

“If this is your second, third or subsequent marriage, making sure you have made the proper beneficiary designations or estate plan is essential,” said O’Connell.

Some, he said, purchase a permanent life insurance policy and name their biological children as beneficiaries, thus facilitating the transfer of at least a portion of their estate immediately after they die. They might also pass along their family home, if it was a premarital asset, but grant their spouse the right to remain there for life, or until they require assisted living. (**Calculator:** [Life Insurance Needs](#))

“The idea with life insurance is that you may not know how long your surviving spouse will live, especially if they are much younger, and you may not want your kids to have to wait another 30 years to benefit from an inheritance,” said O’Connell.

Others, he said, opt to establish a QTIP (Qualified Terminable Interest Property) trust, which could also name the owner’s children as beneficiaries, but allow their surviving spouse limited access to assets held in the trust during their lifetime. (**Related:** [Is Setting Up a Trust Right For You?](#))

Life insurance products and trusts, however, are complex and not necessarily ideal for everyone. Consult a financial professional or estate-planning attorney for guidance regarding your specific financial needs.

## **5. Budget Clashes and Projecting – Poorly**

When your significant other overspends, disregards your financial advice, or fails to support your mutual goals, it means they don't care. Right? Wrong. Or, at least, not necessarily.

Couples often misread the motivation for their mate's financial behavior, which can turn even minor indiscretions into full blown fights. Before you question their commitment, said O'Connell, remember that each of us brings to a partnership our own perceptions about money, its value, and how it should be used – shaped by life experience and our own individual upbringings.

Adding fuel to the fire, he said, money is also often emotionally charged, especially if one person put their career – and their earnings potential – on hold to raise the kids, or if the family breadwinner links their net worth with their self-worth. (**Related:** [Money, Marriage, and Financial Therapy](#))

“Money is tied to our emotions,” he said. “Money and financial choices (buying, spending, gifts) can be used to try to make ourselves or others feel better. In this way, we may examine our partner's spending or saving to figure out how they are feeling about us.”

Don't make assumptions. By talking about your financial choices in a calm, constructive way, you may be more likely to appreciate each other's outlook – and cut each other a little slack when the line in the sand occasionally gets crossed.

Money solves a lot of problems, but for many couples it creates new ones, too. Those who adopt a policy of full disclosure and work together to reach their financial goals not only eliminate many of the most common causes of marital fights, but are far more likely to build a relationship based on teamwork and mutual trust.