

5 Financial Mistakes That Ruin Your Marriage

by Nancy Anderson
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When I was a child, my father used to joke with me saying, "Nancy, remember, it is just as easy to fall in love with a rich guy as a poor one." There is always some truth in a joke and looking back on this saying as an adult, it is obvious that he was steering me toward what he hoped was a happy life rather than a life of what he perceived would be a struggle. He is old fashioned and didn't think that a girl could create her own financial security (that is fodder for another blog) but his intentions were good. In my career as a financial adviser turned financial educator, I have worked with hundreds of couples and have seen firsthand how money problems, worries and other financial issues can lead to unhappy marriages. If left unchecked, financial problems can ultimately destroy a marriage.

Money and marriage is an age old problem. I've seen many societal and economic changes over my 25 year career: incredibly high interest rates in the 80's, a raging bull market in the 90's, the stock bubble bursting in 2000, the rise of 401(k) plans replacing defined benefit pension plans, as well as the most recent financial crisis. However, during good or bad economic times some things never change — couples are still fighting about money. In many cases, they are the very same things couples were fighting about 25 years ago. According to research as well as my own experience working with couples and money, here are the top five money conflicts that lead to marital strife and ultimately divorce.

Materialism — valuing "things" or money over the relationship

Research on marriage has shown that couples who are materialistic rate at the bottom of the happiness scale. A recent [study](#) by BYU and William Jefferson University found that spouses who were BOTH materialistic were worse off on nearly every relationship measure they looked at. It wasn't the lack of money that was the culprit; the authors found that it was materialism itself that created much of the difficulty even when couples had plenty of money.

I saw this firsthand with a former client of mine named Yolanda who unknowingly fell into the materialism trap and nearly destroyed her marriage because of it. She is a first generation American with immigrant parents from Guatemala. She had a misguided notion in her head that if she had a beautiful home nicely decorated with a formal dining room and a landscaped yard for her family to live in then she would be happy. It was almost as if she had a picture of the American Dream and she had to step into that picture and become that person to be happy.

She insisted her husband buy a home they could barely afford along with Ethan Allen furniture and a landscaped backyard — going into debt to do it. This may not seem like materialism because we are not talking diamonds and furs here. We are talking about a dining room table but none-the-less, her focus was on accumulating things instead of on her marriage and family. Fortunately for her, this story doesn't end tragically. When her mother passed away, something triggered in her that completely changed her outlook on her values. She got a much needed wake-up call about what was really important in life before it was too late.

Having conflicting money values

Now I don't know about you but if I was married to someone who gambled away money I'd have a really hard time with that. I see gambling as foolish (unless you are good enough to get into the World Series of Poker.) Foolishly spending money is the number one financial cause for divorce. According to Jeffrey Dew's [paper](#) titled *Bank on it: Thrifty Couples are the Happiest*, when a spouse feels the other spends their money foolishly, it increases the likelihood of divorce by 45%. What caught my attention in the report was the word "feeling." The researchers tell us that perceptions of how well one's spouse handles money play a role in shaping the quality and stability of family life in the U.S.

It isn't just about gambling either. A former client of mine, I'll call her Sandy, was married to someone who was incredibly frugal. Her husband used to check what she paid for groceries and compare them to the weekly ads to see if she got the best price. He actually would be angry and chastise Sandy because she paid too much for a block of cheese saying, "You could have gotten this cheaper at Safeway." He actually wanted her to go to two different stores to shop (even though she worked full time and they had two little boys.) Their marriage ended in divorce and not because she was a gambler by any means but because he perceived her spending as foolish.

The answer here is for couples to come together and decide on how to spend their money. Coming up with jointly held values obviously involves some give and take. If you like to buy lottery tickets, which your spouse sees as frivolous but you feel, "you can't win if you don't play," then jointly decide on a spending limit that you can agree on.

Adopting traditional roles when they don't fit

The commonly held belief that men should handle the financial planning and investments in the family and the women should take care of the day-to-day finances may not fit every couple. In fact, in my household, my husband manages the cash flow — he can be very detail oriented, which is painfully obvious when he is talking baseball with his buddies. It is amazing to me that he knows the batting average of players who retired 5 years ago! He is much better with our cash flow and I am more suited for our strategic financial planning. This is not simply because I have a financial background, but studies on the human brain have shown women to be hard wired to multi-task and those skills cross over to strategic planning. In our case, we switched roles and it works beautifully.

The key is to find the right person for the right role based on aptitude not gender.

Having opposing money styles

It is not uncommon to see financial opposites attract one another. Couples often have mismatched money styles — one is a spender while the other is a saver. Instead of having them work against each other, causing fights and tension, successful couples don't try to change each other. They adapt their money styles to work for both of them. In a previous [blog](#), I mentioned how a newlywed couple set up a plan that made the most of their opposite tendencies. Paula loves her husband's sense of adventure and fun but on the flip-side he spends every dime he has doing it. He loves her stability and discipline since it balances his free and relaxed nature but he is always asking her for money and wanting to tap into her savings. There is tension and resentment on each side.

We came up with a plan that takes their natural money styles into account so they can work together toward common goals and they both contribute financially. The plan is — the spender spends and the saver saves. He is in charge of the short term emergency savings and unexpected expenses that come up. He doesn't feel concerned when he has to tap into the emergency fund and since he is

saving monthly, it gets replenished regularly with automatic transfers from checking to savings. She is in charge of long term goals — retirement, saving for a down payment for a house and saving for annual vacations. She hates to part with their hard earned savings so she is best suited for the big goals that take more discipline in achieving.

The key here is instead of judging each other and essentially working against each other, row in the same direction.

Magical thinking — getting results without a plan

One of the most undervalued yet important reasons to work with a financial planner is to force couples to develop a plan together and, at minimum, review it annually. Some people have some of the individual pieces of their finances in order but [having a plan](#) puts the pieces together. Couples who don't have a plan don't have a chance of meeting their goals.

The do-it-yourselfer can do the same thing, of course, but it takes a little more discipline. Either way, developing a financial plan gets couples moving in the same direction toward goals they have developed together. Over the course of my 25 years as a financial planner, I've seen a significant difference with couples meeting their goals — being able to retire, touring Europe, investing in vacation properties, etc because they planned, reviewed their plans annually and worked as a team.

Couples who improve their attitudes about money and their communication can truly have it all. Since finances are the biggest cause of stress (a 2010 APA study found that 76% of Americans see money as a source of stress in their lives) and stress is a major cause of disease, improving financial literacy also has the added benefit of improving your health. Keeping your values in the right place and improving finances can actually bring health, wealth and happiness. What more can we ask for?