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Finding Common Financial Ground in a Couple with Divergent Financial Personas

Whether there is merit to the old "Opposites attract" bromide that suggests vastly different people often find good chemistry as a couple remains open to debate. But good chemistry goes only so far for couples with stark differences in how they approach money and their financial lives, for unless they can find financial common ground in some key areas, those divergences could lead to strife or worse, the kind of escalating money problems that can sour a solid relationship.

Couples with divergent financial approaches are more common than you might expect, says Financial Planning Association® (FPA®) member Sean M. Pearson, a CERTIFIED FINANCIAL PLANNER™ professional in Conshohocken, Pa. "It's understandable, and frankly predictable, that couples often have divergent financial personalities. Consider a typical couple: They have a few children, who all develop a blend of the two parents' sensibilities, plus their own spin they pick up along the way. Some families are open about family finances, but many are not. Children pick up some clues from their families, but it's often a patchwork of lessons. Those financial preferences continue to form until adulthood, as they figure out how to pay for education and start their career. Eventually adults pair off and start the process of blending all of that background with someone else, who has their own unique financial journey and preferences."

Common Divides: Sound Familiar?

A couple's divergent financial preferences tend to manifest in several key fundamental areas — areas where finding common ground can be critical to overall financial health. Among them:

Priorities. One person might prefer to focus their saving and spending to fulfill their bucket list sooner rather than later, for example, while the other wants to prioritize saving for retirement, covering future healthcare expenses and leaving the bucket list for later in life. Or perhaps one person prefers to spend money on an extravagant wedding, while the other wants a simpler, less expensive wedding so the couple can save more toward eventually purchasing a home. Neither is necessarily right or wrong, their priorities merely differ.

Investment mindset. Some people are more comfortable than others taking on additional risk in how they invest their money and allocate their investment assets in order to access greater growth potential — what's known as risk tolerance. The level of risk tolerance can diverge widely within a couple, where one is significantly more conservative in their investment and asset allocation approach than the other, based on their respective experiences, priorities, etc. Here again, it's not necessarily a matter of one person's approach being "right" and the other's wrong, but rather that they find a joint approach to investing and asset allocation that works for both, and that's appropriate to their circumstances, goals, etc.

Spender vs. saver. It's a cliché that rings true for many couples: one person takes a live-for-today (and some might say reckless) approach with their money, spending most of what they earn from week to week and month to month, while the other prefers to set aside a portion of what they earn to fulfill longer-term goals like saving for a major purchase or expense (home, car, college education, etc.) or building a nest egg for retirement.

Debt. Some people are accustomed to, and comfortable with, carrying large credit card balances from month to month. Others are adamant about paying their entire credit card balance each month. A person's record for paying down (or failing to pay down) debt in a timely fashion impacts his or her credit score, which in turn affects a couple's ability to jointly obtain a line of credit or loan, as well as the terms tied to that line of credit or loan.

Following a budget/spending plan. Keeping a detailed accounting of household income and expenses, and following a formal household budget or spending plan, appeals to some people for the financial structure it provides. Others choose to manage their money more informally.

Division of financial duties. "In many cases, one person makes almost all a couple's financial decisions," observes FPA member Rand K. Spero, CFP®, who heads Street Smart Financial in Lexington, Mass. "A majority of people don't view [handling household finances and money decisions] as a fifty-fifty proposition." When those duties fall mainly on one person, and the couple's lines of communication about their finances aren't open, the other person can end up largely in the dark about their financial situation.

When (or whether) to retire. One person may be ready to retire sooner than their partner. Or, one person may plan to retire at some point while the other intends to keep working indefinitely.

Finding Common Ground
Chances are, you and your partner diverge in at least one, and perhaps several of these areas. If that's the case, it's time to seek some common ground, before your differences become divisive or destructive to your relationship and to your financial well-being. Here are some suggestions from personal finance experts from FPA to help you bridge the divide.

- **Share your goals** and priorities with one another and look for areas where they agree. "Some financial items are must-haves, and others fall into the nice-to-have category," notes Pearson. "Once each person has their priorities, they can start the process of deciding how to merge the effort to get to each goal, and which [goal] should come first." The sooner a couple holds these conversations, the better, adds Spero. "You may realize you have more in common than you thought. And once you find agreement on goals, then you can start to outline steps to reach them." Also remember the ultimate goal as a couple is to be happy in your relationship and healthy financially. The two often go hand in hand.
- **Be open-minded**, non-judgy and willing to compromise with one another. These are nuanced, often complex and sometimes emotionally charged issues for which there usually is no clear playbook. Your challenge is to find a financial pathway that works for you, your partner and your unique circumstances. The more you can communicate about the issues without letting emotion get the best of you, the better chance you have of finding the right pathway.
- **Give one another some breathing room.** That means "honoring one another's differing approaches to money," says Spero, and not nitpicking each other about the minor things, so you can focus on finding common ground with more pressing issues. "Figure out areas where it's okay to be different. Allow one another to stake out some territory for yourselves, and don't sweat the smaller stuff, because it can distract you from what's really important."

- **Stake out the middle ground**. "When a couple has a 'saver' and a 'spender,' they can work together by finding strategies that are acceptable to both," says FPA member Tom Balcom, CFP®, with 1650 Wealth Management in Lauderdale by the Sea, Fla. "For example, by agreeing that fixed expenses, such as a mortgage and retirement savings plans, are 'required expenses' and must be addressed before spending money on the 'fun expenses,' a couple can simultaneously make each other happy. Communicating on the non-negotiables should occur first before deciding on what is acceptable for the fun expenses."
- **Automate bill payments**, retirement account contributions and the like so you don't have to constantly make choices and hold conversations around those choices.
- **Divide to conquer**. In cases where one person dominates the financial decision-making and other money-related duties, consider dividing these duties so the other person gets a better handle on their household finances and what it takes to manage them.
- **Involve an objective, expert third party**. There may be issues where a couple can't find commonality on their own. "Sometimes it takes an intermediary to come up with a creative solution that takes into account both sides," Spero explains. To find a financial planning professional in your area, check out the FPA's searchable national database at www.PlannerSearch.org.
- **Get a formal, big-picture financial plan**. A formal financial plan developed by a financial professional (with your input) serves as a compass that keeps each of you oriented to the pathway that connects your goals and priorities to your resources.

By recognizing where your financial personas differ and moving to bridge those divides through compromise, financial common ground is well within reach, even if it takes a little help from an expert to find it.