



Vanessa McGrady Contributor

I cover the art of family finance and becoming a more savvy consumer.

Opinions expressed by Forbes Contributors are their own.

PERSONAL FINANCE 11/12/2014 @ 8:00AM | 4,786 views

Yours, Mine, Or Ours? How Money Wrecks Your Marriage

[Comment Now](#)

It's normal for married couples to fight—sex, relatives, and even the drum set in the living room are all fair game. But [fights about money are the most precarious, because they're the most common indicator of a divorce](#) [down the line](#). Whether you're splitting or sharing finances, communication is key to solving financial conundrums.

“Open, honest discussion about how the family household is to be run is always the best. Slush funds, credit cards that the other spouse doesn't know about or other ‘[hidden](#)’ [spending will only lead to mistrust and family chaos](#) ,” said [Kevin Brosious](#), an Allentown, PA-based financial planner.



Often, the breakdown comes in deciding how to manage finances in a marriage so that one person doesn't feel like they've given up too much. Philadelphia couple Jill Ivey, 31, and Ross Currie, 33, have been married for two years, but their financial arrangement is starting to feel like a hangover

from their four-and-a-half years of living together. They each bring home a salary in the low six figures, and split all their bills down the middle, documenting everything on a spreadsheet.

“Ross is excellent about updating this. I am not. I just transfer money to him every month for mortgage, insurance, and other expenses and assume it covers everything, but it doesn’t account for what he owes me at all,” said Ivey. She questions if the arrangement is even healthy, and if they should just throw everything into one pot. “We also over-spend without realizing it. We’re both good about keeping a low balance on our credit cards, but there’s not much left in savings at the end of every month, and I don’t have a 401K or IRA right now.”

Currie added: “I think one reason we’ve kept things separate is that while we have major shared expenses, we also have major independent expenses, like a car payment that is completely my responsibility—I bought it when I switched jobs, so it’s purely my responsibility, along with the increase in insurance premium that comes with a 50-mile round-trip daily commute—and our own separate student loan payments.”

Even though Ivey and Currie are both trying to be ultra fair to each other, Brosious says their old 50/50 arrangement no longer makes sense now that they’re married—plus, that all the documentation is time consuming and complicated, and they’re not maximizing their tax advantages.

“In their case, I would rather they combine their incomes and focus their efforts on a discussion of what is really necessary spending rather than spending a lot of time splitting hairs for no good reason,” he said. “They should both be saving as much as possible for retirement, and Jill not having a 401k or IRA savings is unacceptable. They are probably in the 28% federal income tax bracket and so deferring income into a tax advantaged savings account will help to reduce their tax bill, which is a joint bill. So for every \$1,000 Jill can invest in a 401k, the couple will save \$280 through a tax deferral and the growth of this money will also be tax deferred. This is a huge benefit for the couple that they aren’t taking advantage of.”

“They should refocus on the household expenses and retirement or other goal investing rather than on a balance of payment arrangements, which Jill either has no interest in or isn’t privy to how the system is even working.”

Still, it makes sense for each of them to keep some money separate, and have their arrangement crystal clear. Miami-based attorney and estate planner [Elizabeth F. Schwartz](#) thinks that [some kind of “yours, mine, and ours” situation seems to fit most couples best](#). That means that each person has individual bank accounts, but there’s also a common fund for shared expenses so that people don’t keep score. Generally, if one partner is bringing in 30 percent of

the household income and the other partner has 70, the joint expenses would be divided 30/70.

The most important thing a to protect financial security, [even you are blissfully coupled](#), Schwartz says, is to make sure financial agreements are in writing . Even if it's too late for a prenuptial agreement, make a post-nup. She uses the example of a couple marrying and moving in together. Person A owns a condo, and person B has been renting. So person A sells her condo, and with the \$100,000 equity, she buys a home where they both live together. After a few years the couple divorces and sells the home they own jointly. Without written protection, Person A may lose half of her \$100,000 payment.

And work out money issues *before* you get to the point of legal drama, Schwartz said. “Consider working with a therapist before it gets to state of crisis. ...There are [therapists who are very, very expert in helping couples navigate financial issues that come up](#). They are also much cheaper than lawyers. ”

Photo credit: [Jenifer Corrêa](#)