A Valentine's Day Couple – Susanna and Jason

Financial planning tips to help reduce conflict at home

Do you and your spouse argue with one another over spending? You're not alone: In fact, according to a survey conducted by Artemis Strategy Group:

- 73% of individuals have money management styles that are different from their partner's;
- 50% of individuals say financial matters cause the most stress in their lives; and
- 31% of all couples — even the happiest ones — clash over their finances at least once a month.

So, just in time for Valentine's Day, let's see how one couple with severe financial differences resolved their conflicts (the names aren't real of course).

A Valentine's Day Couple

Susanna and Jason, both 53 and married 27 years, have a 16-year old daughter. Susanna and Jason constantly locked horns about money and sometimes caught their daughter in the crossfire.

Susanna said she had a happy childhood, although her family was stretched financially. The kitchen was stocked paycheck to paycheck, and she grew up wearing hand-me-downs from cousins. But the atmosphere at home was good.

She scrimped and saved through her teen years, but to this day feels guilty if she splurges on anything. She financed college with loans and her own savings. In short, Susanna equates hard work with money.

Jason grew up more comfortably. He always had a generous allowance, traveled frequently with his family, ate out often and got a new car when he turned 16. His parents paid for his college and law school, leaving him debt-free.

His life wasn't harmonious, though his parents used money and gifts to vie for Jason's affection. His parents quarreled often about this and other financial issues. Fights intensified over the years, and his parents divorced after Jason graduated from college. Jason now equates money with conflict between his parents.

Like any couple, Susanna and Jason carried emotional baggage into the relationship. While they're financially comfortable, the atmosphere when it comes to finances in their home is tense. Marriage counseling hasn't helped.

Susanna and Jason are both deliberate and results-driven people and they requested concrete – but prudent – financial steps to reduce conflict and avoid a costly knock-down fight and divorce. Both knew the financial cost of divorce – Jason's mother fared poorly financially after his parents split – and neither wanted to go down this path. Yet, they knew that money was often a root cause of divorce.

Here are some planning areas that helped this couple reduce financial conflict at home:

Retirement Planning

Susanna worried about retirement, and believed that she and Jason needed to work into their late 60s. Jason wanted to retire sooner and travel more, yet Susanna maintained that they couldn't afford it.

After reviewing financial goals, reallocating assets and putting together a Social Security strategy to maximize benefits, their financial plan convinced even skeptical Susanna that they potentially could retire as early as 63. Provided they met regularly with their financial advisor to retest this and other plan assumptions.

Susanna hasn't given up the idea of working past 63, but the couple no longer argues about retirement dates.

Separate and Joint Accounts

The couple set up separate accounts linked to each of their salaries, aiming to control personal spending and retain a degree of independence. They retain a joint checking account and automatically transfer funds each month to cover combined expenses, such as household costs and insurance.

This reduced squabbles about seemingly trivial expenses that used to explode into major confrontations.

Susanna, risk-averse, structures and manages her individual retirement account accordingly. Jason's IRA was also restructured so that the couple's joint investments reflect each's relative appetite for risk.

These approaches combine to form a target portfolio that can carry them into retirement – together.

College Expenses

Susanna and Jason couldn't agree about how much to fund their daughter's college expenses. After financial planning analysis, they agreed to compromise: Fund 60% of college expenses, and leave open the option of assuming their daughter's loans after her graduation and pending an assessment of everyone's financial situation then.

An Investment in Marriage

Susanna and Jason have not completely eliminated their money differences and they still have debates over how to deal with finances and other issues. Still, they're doing better and remain married – which for many couples can be one of good money management's bigger payoffs.

And maybe the best Valentine's Day gift they could give one another.