

BY ROBIN YOUNG & KRISTINA GEORGE

*Talking about your finances upfront will avoid arguments down the road*

Once upon a time, you found that special someone to spend the rest of your life with, and now the two of you are ready to ride off into the sunset. Not so fast. You'll have a much better shot at a fairytale ending if you take a little time at the beginning to sit down and talk about money. It may not sound like the most romantic topic, and many couples even consider it taboo. But sorting out the dollars and cents is a sensible way to enter a lifelong commitment and to ensure that financial squabbles won't lead to a split. Couples should share their financial histories (along with any skeletons in the closet). What assets – and debts – are you bringing to your marriage? Are you a spender or a saver? How did your families handle and discuss money when you were growing up?

A young couple, Dave and Danielle, went through this exercise. It was, in some ways, an awkward conversation. They learned, for example, that Danielle's credit score was about 100 points lower than Dave's stellar score of nearly 800. On the other hand, he owed close to \$10,000 in credit-card debt, and had taken out a hefty student loan to pay for law school.

Dave was reluctant to have his past debts become Danielle's problem. Danielle confessed that she'd been late with payments at times. With guidance, she was able to rein in her delinquent habits and improve her score. They decided to hold off on applying for any big loans together until Danielle's score improved some more. Curtailing expenses will also

help them pay off Dave's debt. As for the student loan, it was an investment that they can pay out of future income. It may be a long while before they settle all of their financial issues, but full disclosure has helped this young couple set a course for the future and realize how they need to adjust the way they handle their money.

#### Joint or Individual Accounts?

There is no universal right answer to the question of whether to merge your accounts or keep them separate. What's most important is to agree on what works for you. Married for three years, Jude and Theresa have decided on joint accounts. They found that merging their money made it easier for them to keep track of their expenses.

It's often recommended that couples separately make a list of expenses to be shared, then merge their lists. To cover those expenses, they should use a shared account, to which each person contributes an amount that is proportional to his or her assets and income. However, over-merging is a big danger as many women and men psychologically need their own money. It allows them a sense of autonomy in the midst of intimacy.

#### Work Out a Spending Plan

Once you've decided to make a list of expenses, you might as well add income, assets and debts so you can eyeball your entire financial picture. Soon after becoming engaged, Jude and Theresa sat down at the kitchen table and laid out their spending plan



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in a spreadsheet, along with "bank and credit-card statements, pay stubs, insurance forms, everything," says Theresa.

Breaking out physical documents is smart. On top of helping you get all the numbers right, the paperwork makes your finances seem more real. It's not easy to establish a spending plan when, in the age of direct deposit, many have a difficult time seeing money as a real, concrete thing.

Newlyweds Lillian and Nathan circumvent that issue by dealing in hard cash. Like many, they put their spending plan in spreadsheet form. Then they break out weekly expenses, and "every Sunday, we take out \$200 for the week," says Lillian. "With cash, you're just more aware of how much you're spending." One spending issue that comes up often is gift-giving. Nathan has seven siblings, each with two or three children. That adds up to a lot of presents each year. "It was difficult for us to establish a limit for gifts," says Nathan. But they discussed what would be fair and agreed to stick to it. Maintaining detailed