

Reconciling Couples' Money Differences

June 1, 2011 • Roy Diliberto

One of our clients is a psychologist and specializes in couples therapy. Unlike many others in her profession, she addresses money issues. As she indicates in an article she wrote for a professional journal, "Couple therapists have not been trained to ask about money."

She goes on to write: "It is important to recognize that one's relationship, ideas, feelings and behavior with money are derived from life experiences, influences from family of origin and one's social historical context. Money is a thing, an inanimate object-like food. How we use it, perceive it and feel about it and how it impacts relationships is not due to the inherent properties of money itself. The meaning and power of money in childhood has a powerful impact on how money is viewed as an adult. Usually, couples have not discussed this in any systematic way. How money was discussed or fought about in one's family of origin is important to talk about in therapy. Was money used as a reward and/or punishment? Was money thought of as a tool to get what you need and to add pleasure to life, or as an end in itself and an important status symbol?"

With her permission, we have adapted some of the questions she asks in her therapy sessions into our client discovery process. Among the questions we ask are:

1. What are your earliest memories about money?
2. What are your best and worst memories?
3. Was money discussed at the dinner table, and, if so, what were these discussions like?
4. Did your parents agree on how to deal with money?
5. What financial expectations did your parents and grandparents have about you?
6. What would you do differently from your parents regarding money? What would you like to do the same?

These are just a sampling of the questions we ask each person in the relationship at our first discovery meeting. The answers to these questions form a foundation for future meetings and recommendations. If there are significant differences of opinion on how to spend resources or allocate portfolios, we will openly discuss the attitudes that were developed early in life that may be the origins of these differences.

While financial life planners are not trained as therapists and shouldn't attempt to solve marital problems, it is also true that most of our clients are not having relationship problems, but may be having significant issues about money. And since money is our specialty and we need to help our clients make intelligent financial decisions, shouldn't it be our responsibility to discover the factors that affect those decisions, including their histories around money and how they are affected by their backgrounds? We all know that two married people often disagree with each other about how to handle their finances. While this may not be so serious that they require professional therapy, it is useful for them to understand the genesis of those differences.

During our discovery process, when we are asking couples about their lives when they were young and how their parents or grandparents may have affected their relationships with money, we are amazed at the number of times that one spouse will comment to the other, "I never knew that about you." So for 40 or more years, these people may have had significant differences in the way they wanted money handled in the household, but not known what caused the differences. While some couples may have frank discussions about the differences in their backgrounds, not too many are likely to ask, "How was money handled in your house while you were growing up?"

For example, when we established a client relationship last year with a married couple, they revealed that their childhood backgrounds were very different and that they were affected by the attitudes of their parents. The man was an only child and his father owned a successful business. When he was young, our client said, he "never wanted for anything." The family went on wonderful vacations and lived in a very nice home. With encouragement from his parents, he started a printing business and became very successful. During his time as an apprentice (he was born and raised in England) they fully supported him.

The wife, on the other hand, had a domineering father who grew up during the Depression. As she puts it, he never let the family forget that. They never went on vacations, to the movies or even out for dinner. Money was always discussed at the dinner table, but the talk was never positive. She was encouraged to save as much as she possibly could, and when she became moderately successful and wanted to purchase a bigger house, he told her that that was "stupid."

As you might surmise, the two approach their finances very differently. He wants to travel and enjoy other luxuries they can clearly afford. She agonizes over spending money. When she shops and treats herself to a new outfit or shoes, she feels guilty about it for days. While these differences have not created serious marital problems, they are a source of tension. As we completed our discovery process, each began to understand the way the other felt. The wife acknowledged that her husband's attitude toward money was much healthier than hers, and she wanted to be able to enjoy the fruits of their labor.

We have open conversations about how her father continues to dominate her thinking, even though she is now over 60 years old. He comes up in many conversations we have when she is feeling guilty about spending money. She has not yet put all her issues with money behind her, but she will acknowledge that she is gradually changing her attitude. The couple just returned from a very nice vacation that she told us she would not have taken two years ago.

Of course, I could have simply pointed out that they had more than enough money to last them both their lifetimes and yet they could still enjoy the luxuries. She knew she had enough money, but emotionally she could not accept spending money frivolously. She, her husband and I are confident that she will eventually put most of those feelings behind her because, for the first time, they are being discussed openly. As I've said on these pages before, there is power in asking the right questions.

According to a Money magazine survey, "71% of Americans admit that they keep secrets or lie to spouses and significant others about their money." While this may be interesting information, how should it affect how financial life planners interact with their clients?

Of course, we have no way of knowing why so many people lie to each other about money, but I do know that an open and frank discussion about the genesis of their feelings is extremely productive. A conversation can have a liberating effect on the future of money relationships, as it did with our client couple. And if that leads to our clients making smart financial decisions, then we have fulfilled our mission. If not us, then who?

Roy Diliberto is chairman and founder of RTD Financial Advisors Inc. in Philadelphia.