

Your spouse

Solving conflicts between a saver and a spender

Joanna Pachner, **Financial Post Business**

Published: Tuesday, February 05, 2008



Jamie Veeneman

Arthur doesn't think much about the future. He tends to procrastinate when it comes to paying bills. When he worries about money, he goes into avoidance mode, and waits till a crisis before he takes action. He spends spontaneously, almost unconsciously. He buys good quality items and doesn't like to "scrimp." He's also generous with picking up the tab. He's comfortable with high-risk investments and puts his trust in windfalls.

Louise is a planner. She's very organized with money and actually enjoys balancing her chequebook. She's very aware of what things cost and doesn't get much pleasure from shopping. She has an aversion to wasting money and hates throwing things out. She'll go out of her way to avoid bank machines if she has to pay an extra fee. She pays all her bills on time to avoid paying interest. She carefully weighs financial risks and prefers a slow-and-steady approach to investing.

When they met five years ago, Arthur owed a large tax payment and had other debts. He was worried sick about it, but didn't know how to deal with it, so he avoided the problem. Louise, who shuns debt like the plague, had trouble understanding how Arthur got himself into the financial mess. The tensions between them eventually caused them to break up.

This Vancouver couple's story is exceedingly common. In a 2005 Decima poll, almost half the couples surveyed reported that financial disagreements, especially over spending, had affected their relationships. But spendthrifts and scrimpers can live in harmony by following this advice:

>**Talk about money before a crisis strikes.** Karin Mizgala, a financial planner in Vancouver who often works with couples, finds that money tends to remain taboo until a trigger event occurs - one spouse sees a huge credit card charge or learns of a debt. "By then, you're angry and disappointed, so communication is not helpful, it's an attack," she says. Having a neutral third person in the room - a counsellor or a financial planner - can help defuse rancour.

>**Develop a budget together.** Both spouses should have a set amount to spend that's completely at their discretion, no interference allowed. Separate bank accounts can help. And "stage" bigger spending, says Sheila Walkington of Women's Financial Learning Centre in Vancouver, perhaps taking turns - "as long as you know when your turn will come."

>**Mind the stereotypes.** Over the years, Mizgala has found that women tend to be more security-conscious and worried about the future, while men have greater financial confidence. "They feel they can always go out and slay another dragon," she says. And while women may overspend on shoes and clothes, men splurge on big-ticket items like TVs and cars that cut deeper into household budgets.

>**Set common financial goals.** Going through this process can be an eye-opener for both people. "Often people overspend because they don't have a reason not to," says Mizgala. And having a common financial plan means both spouses need to contribute. By determining minimums that each person must put in, "it holds the spender a little more accountable," says Sandra Nass of RBC. "It puts the responsibility on that person if the couple falls behind on their plan."

Arthur and Louise's story has a happy ending. After a few months apart, they decided to try again - this time with the help of a counsellor, an accountant and a lawyer. Louise wanted a concrete action plan to get Arthur out of debt, and for him to follow through.

Arthur needed to know he wasn't too constrained financially so he could build a business. They reviewed their income and expenses and figured out how much they needed to live on, helping to relieve Louise's anxiety. They now each have separate "spending accounts" and Louise doesn't question how Arthur spends that money while also feeling reassured that his spending won't jeopardize their future.

After a couple of years, Arthur paid off his debt. The couple recently bought a house on Salt Spring Island, off the B.C. coast, and plan to get married this year. They haven't had a fight about money in over a year.