

# Love + Money

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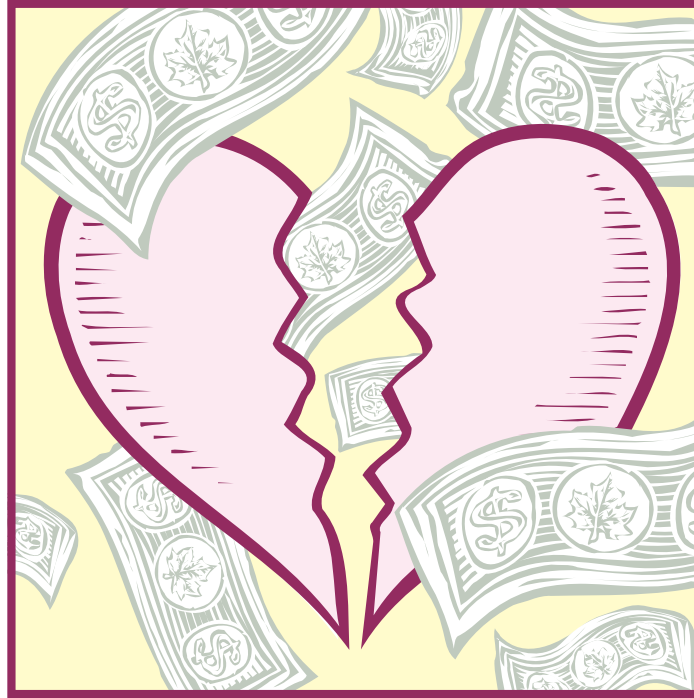
*There's a reason why a reported 90 per cent of all marriage breakups arise over money problems. Who spends it? Who saves it? And who hides it from their spouse? As a financial advisor, it's part of your job to wade through this emotional quagmire to build a plan both parties feel comfortable with. But how?*

When Robert Gignac and Ann Taylor got together 18 years ago, their financial personalities couldn't have been more different. Taylor, who grew up in a financially savvy household, was a saver and investor. Gignac, however, thought pay yourself first meant treating himself to stereo equipment and other high-tech gizmos. "At that time in my life, my idea of long-term planning was next Saturday night," Gignac says.

What could have become a highly charged emotional issue was instead turned around with one brilliant solution: Gignac could pay all the bills and feel the thrill of spending his money at the same time. Taylor would set aside most of her money and build up the couple's savings.

The unorthodox idea worked. Within a few years, Gignac, now the co-author of *Rich Is a State of Mind* and speaker for his company, Taynac & Associates, was amazed by how much wealth Taylor was able to build for them. They're now both living in Switzerland, for Taylor's new job as a Nestlé marketing director.

Yet Gignac and Taylor are rare as couples go. Confrontations over money are one of the leading contributors to divorce, according to many experts. And it's not simply picking a partner with a different money personality that leads to problems. As Gignac and Taylor show, such



pairings can work. The main problem is communication – or the lack thereof. That inability to be open and honest about spending and saving is what eventually leads to feelings of betrayal and eventual divorce court.

In fact, it's no wonder couples fight over money so often. According to one study, derived from selected data from the U.S. National Longitudinal Survey, many couples can't even agree on how much they have. Husbands are likely to provide significantly higher values for annual income and net worth, while wives are likely to report higher household debt.

While you are not a marriage counselor, it is important as a financial advisor who often works with families to know where your clients are coming from. Not only will you then be able to develop more successful plans that keep both parties on side, you may be able to pass along some much needed advice for clients who seem to be struggling with money's emotional pull.

## **Bigger than sex**

Talking about money is one

of the most difficult topics to discuss in North American society, says Amanda Mills, founder of Loose Change Inc., a Toronto-based financial therapy organization. And it's the inability to talk about money that can lead to the most heartache. "You're not allowed to talk about politics, sex, or religion. Money is so taboo, it's not even on the list," she says.

While it's not polite to talk about earnings and savings at, say, a dinner party, many couples barely talk about it in their own home. For most people, money is bound tight with symbols such as power, control, security, or love. Partners are known to infantilize a spouse, lie about or conceal documents, and shop recklessly to gain control of finances in a passive-aggressive way.

Chuck Berke, president of Berke Associates in Connecticut, is also a family therapist. Although many of his clients don't come right out and say, "We're having a hard time talking about money," he can still usually tell when that's the case. "Sex and

money are things I have to get people to talk about. And I have to say it's harder to get them to talk about the money," he says.

Michael Townshend has been Gignac and Taylor's financial planner for over 10 years (he is also Gignac's co-author). He says while many couples know what they want in life, it's their inability to communicate that can act as the first shield preventing them from reaching their goals.

"They probably have the same goals. They want to have a good lifestyle, retire comfortably, have their kids educated, and minimize taxes. They just don't know how to talk about that," he says.

Shame is another reason why talking is cut short. In situations where one spouse earns a disproportionate amount of money compared to the other, the smaller earner can feel guilt and embarrassment. Sometimes the larger earner feels entitlement or contempt, adding more fuel to the fire. "Shame is a pretty inarticulate, defensive, difficult place. It often causes a lot of anger. It shuts you right up," Mills says.

## **Saver versus spender**

Even if couples are able to talk about money, the way they handle money can be the crux of many arguments, especially if one person hoards and the other spends freely.

The saver usually comes from a background where his or her parents saved and invested money. Many savers learned early to set aside a percentage of their allowance or earnings from part-time jobs to pay for larger expenses down the road. In adults, however, some smart saving can turn into a hoarding mentality. Hoarders are afraid of what the future has in store for

them and are preoccupied with saving for a rainy day – and then some.

The spender, however, has to buy things in order to fill an emotional hole. Feeling run-down at work? Maybe a \$5.95 grande latte will do the trick. Feeling lonely? That BMW might make other people notice you. Many spenders rack up debt until it is out of control, including one side of a couple who is feeling neglected by their partner.

“What’s that a replacement for? A lot of times that’s love,” says Berke who goes on to claim that it’s often not that the spouse doesn’t love the spender – it’s simply that the spender just doesn’t feel the love.

#### **In the open**

If left unchecked, spenders can turn into secret shoppers. According to one survey of 1,000 married couples done for Reader’s Digest, 48 per cent of wives and 49 per cent of husbands said they kept mum to their spouses about how much they paid for something. Some partners have been known to hide purchases in backs of trunks and closets or intersect credit card bills before the other can see the damage.

When the spending is out of control and the spouse finally discovers the deception, feelings of betrayal cut deep and the marriage or partnership can fall apart. Obviously, money is never simply money, but a reflection of deeper issues within the relationship.

That was one of the reasons why Mills started Loose Change. “People think money is money and feelings are feelings and they really don’t mix. If you bring your feelings into money, you’re just going to screw up your money. Then I realized no – we always bring our feelings into money,” she maintains.

Gignac and Taylor, however,

say they have always been upfront and open about what they have and what they owe, although they’ve always had their own bank accounts. Those accounts have been tracked with a software program for both to see.

At Townshend’s urging, the two tracked their spending for a month on a notepad to see where the money was going. Taylor says that exercise helped her trust Gignac because she knew his spending habits.

#### **How you can help**

Because many books and articles that talk to couples about how to deal with emotional money issues recommend talking to professionals such as financial planners, it’s important to be what your clients want – an effective and objective third party. Mills says the best way to help clients is to ask the right questions and simply listen. “I provide a place for them to actually speak frankly and if they want to get emotional, that’s okay. It sounds simple, but it can be very powerful,” says Mills.

It’s important to set limits, however. Financial planners are not marriage counsellors, so don’t expect to fill that role. Stay out of family squabbling, and taking sides is a big no-no. But so is expecting clients to keep a stiff upper lip and think of England.

Townshend does what good financial planners do for client couples. He asks them to write out their goals separately so he can see if their financial ambitions are on the same page. Usually they are, he says; they’re simply explained differently.

Mills asks similar questions of her Loose Change clients, but goes one step further to understand them and help them understand each other – and themselves. Mills’s questionnaire asks clients to describe how their parents

handled money. The first session often focuses on looking at how familial history affects their present situation. Couples learn a great deal about their partners and what drives them. A common outcome is increased empathy and understanding.

Loose Change clients are often also separated at first by Mills. She talks to one partner first to understand her money bugaboos, then talks to the other. When she’s convinced both sides have got a handle on their own money personalities and demons, she brings them together for couples financial counseling.

“Reversing bad money practices is harder than dieting, quitting smoking, and going on the wagon, just because it’s so pervasive. It’s in every element of our lives. So the process is harder and it’s slower,” she says.

Understanding what your clients need is often about emotions rather than numbers. Telling clients to “just do it” without fully understanding how well the couple communicates could set them up for failure, especially if one spouse is much more educated about money than the other. Ten years after walking through his door, Taylor and Gignac are still reaping the benefits of having an objective third party hear them out. Taylor says using Townshend as an impartial listener really helped soften the blow when trying to teach Gignac about saving versus spending.

“I was able to use Michael to do the educating,” she says. “It wasn’t just me against Robert. Money wasn’t dividing us – it was bringing us together.”

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## **A LITTLE ADVICE**

*Clients sometimes need a little advice about how to deal with money arguments at home. Here are a few suggestions:*

### **Make a money date**

Couples who routinely set times to talk about money and look at their finances find they’re able to manage them better, leading to increased growth – and less stress. Couples can start by making a weekly date until the situation is under control, then move it to monthly or even quarterly to look at the big picture.

### **Track the cash**

Like Gignac and Taylor, track your money for one month to see where it goes. No blame. No shame. This exercise also helps couples come together to work on a shared goal-building closeness.

### **Pay bills together**

Some experts say it helps if one person is in charge of paying bills. But, by paying bills together, there’s less opportunity to hide purchases or fall back into secret shopping.

### **Have a dream account**

There’s no better way to get people excited about saving and tracking money than by deciding on something they both want to buy and opening a savings account to eventually pay for it. Best yet, this system cuts down on debt when a credit card is all that stands in the way of a spur-of-the-moment sun vacation.