Financially Independent -- and Married

How to plan for the future, even if it means possibly being alone.

Why Separate Money?


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You said "for richer and for poorer," and you meant it. But you also want to make sure that, among everything you share, there are some resources -- and the freedom and peace of mind that come with them -- for you. In fact, experts say it's perfectly okay, if not wise, to carve out some financial independence for yourself, both for now and for whatever the future may bring.

"Financial independence is important in a marriage because it can also mean 'independence of thought,'" says Tina B. Tessina, PhD, a psychotherapist in Long Beach, California and author of *How to Be a Couple and Still Be Free* (New Page Books, 2002). "A woman who has some financial independence is free to state her mind, disagree, ask for what she wants, and a woman who doesn't is not."

But what kind of "financial independence"? Why would you need it if you've already gotten the Prince Charming, white dress, and the joint checking you always dreamed of? Isn't "financial independence" a nicer way of saying "Making sure you don't get screwed in a divorce?" And if so, what's an even nicer way to discuss it with your partner?

"Financial independence" means lots of things to lots of women. For one thing, especially as women marry later and later -- having lived on their own in the meantime -- many are independent when they walk down the aisle, and see no reason to change things. The next generation seems to be making similar plans. According to a Rutgers University study, the desire to "make it on my own" before getting married is increasingly important to twentysomething women (especially African-Americans). Of course, as the divorce rate still hovers around 50 percent, they may also want to make sure that, if necessary, they could "make it" after marriage as well. (A woman's standard of living can drop up to 27 percent after a divorce, while a man's may rise by 10 percent, according to the National Marriage Project.)

"I am totally uncomfortable with the idea of being financially dependent on my partner," says Michelle, 34, of Vienna, Virginia, who is currently supporting her husband while he looks for work. "My parents divorced when I was 10 and my mom was left with nothing, no job, and no direction. She went back to school and got a good job, but she has always stressed the importance of not only maintaining financial independence, but also my own direction and identity. While I look to my mom's example, I feel that my relationship with my husband is better because we are equal partners and decisions are made together."

Women heading into a second marriage may also be skittish about sharing everything or having their new husband play banker.

Mostly, though, women seek -- or maintain -- some degree of financial independence for positive, in-the-know reasons. For many, it's not about dollars and cents so much as a sense of self. "Single women really are in a position to have everything they need and want -- car loans, credit cards, mortgages in their own name -- which, not so long ago, was not the case," says Diana Adile Kirschner, PhD, a psychologist in private practice in Manhattan. "They really have a separate identity and selfhood, and when they get married that's going to play out financially."

Mila, 38 of New York City, is actually trying to become more independent before she walks down the aisle next year. "The idea of 'sharing a life' has flung me onto a financial-independence fast track. I'm starting to look at investment properties down south, in my name," she says. "I have two friends going through harrowing divorces with 'nice guys' who secretly spent wads of moola on Internet porn and liquor. I think women need to maintain their own security. Although a 'real' partnership comes from the merging of two independent sources, you've got to keep some enmeshed-free zone of your own."

True Partners

Independence can take many forms. Perhaps it's most simply defined by its opposite: the George and Judy Jetson model, where -- if you recall -- she has to ask for whatever she wants to spend (and then, coyly, takes more). Married women on earth find that independence can mean either splitting everything, sharing everything -- or a little of both. What matters more than actual financial arrangements, say experts, is the feeling of independence. "There are a lot of mechanisms for doing it, but it's important for women to feel, financially and emotionally, as if they have options in their lives," says Halcyone Bohen, a psychologist in private practice in Washington, D.C.

That feeling is important for the relationship, too. "The healthiest relationships are the ones where you share the control and have an equal say in your future and how things run day to day," says Jonathan Rich, PhD, a psychologist in Irvine, California, and author of *The Couple's Guide to Love and Money* (New Harbinger, 2003).

Some women get that sense of being equal copilots from keeping their money totally separate and splitting costs right down the middle. "The only joint expenses we have are rent and bills. He writes the checks and I write him a check for half," says Jennifer, 32, of New York City. "I'm a pretty independent person and I want to maintain that. Even if I have to cut back on my hours [when we start a family] I want to feel that I can cover my own expenses. I don't want to have to depend on him for that." Independence is an essential dynamic of the relationship she loves, Jennifer says. "[My then-fiance] was unemployed for a few months, and it was a point of pride for him not to borrow money from me. I'm proud to be able to pull my own weight, too."

Kate, 31, of North Reading, Massachusetts and her husband are discussing merging their finances more as she, cutting back on her hours, stands to make less. It's not easy for her. "It's been a hard discussion for me because I feel I'm giving up some independence as I'm having to rely on 'his' money in conjunction with mine," she says.

Others share everything, but with a "...but who's counting?" attitude that preserves a sense of freedom. "We don't earmark what's each of ours at all," says Laurie, 38, of Larchmont, New York. "As long as one of us has a wallet when we go out, it's all good. If he runs out of cash I'll hand him whatever I've got, and he'll slap a credit card on something I want if it's handy."

Some couples simply pool everything -- and bank on trust. "You can create all the independence you want with a joint account," says Jeff Opdyke, author of *Love and Money*

(John Wiley & Sons, 2003) and "Love and Money" columnist for the *Wall Street Journal*. Cindy 36, of Bedford, Massachusetts, though initially hesitant, agrees. "I always thought that I'd keep a private nest egg as a safety net," she says. "But after a year of separate accounts, it was proving to be a big pain and I felt comfortable about the big change. It all relates to trust and confidence in the marriage."

And then there are the couples who have both personal and joint assets -- what many experts recommend. Says Darcy, 38, of Deerfield Beach, Florida, "Being financially confident and independent is important to me. We have a joint checking account, but both keep separate accounts too, and also separate investments. I like to know that I can cope in any emergency" -- including winding up on her own.

Same goes for Judy, 40, of California's Bay Area, who -- like 1 in 3 women today -- outearns her husband. Like Darcy, she has both shared and separate assets, plus a prenuptial agreement. "I don't want us to be independent of each other in our daily lives," she says. "But if the worst happened, if he left, it would be so awful to begin with, I also don't want to have to literally write him a check for the pain."

Difficult Discussions

Prenups -- and even less loaded financial matters -- are often tricky to discuss. Few couples have it as easy as this one: "My wife and I have never merged our finances. We haven't merged our books or CDs, either," says Mitch, 43, of San Diego, who's been married for 11 years. "We've discussed it but we've come to the conclusion that things are working out all right, so why mess with them?"

But if money matters aren't so mellow in your world, how do you bring up the issue of making changes? What if you'd like to siphon off, or start creating, more resources of your own: Is there a nonrevolutionary way to "declare" some degree of financial independence?

First of all, it's important to remember that even the most "liberated" husbands may still have their egos tied up in their money belts. When Judy and her husband-to-be sorted out her finances, she was well aware that "even though both his parents worked, he grew up feeling like the man was provider." She had to be very sensitive, she says, in this "series of conversations that put our salary differences in bold relief."

What worked for them: framing the conversations in terms of what's best for the *couple*. By contrast, Dave, 34, of New York City, was put off when his now ex-wife complained that since he handled all the bills, he could track her spending. "She suggested that we pool *most* of our money but that she should get extra over and above to spend as she chose," he says. He would have been much more open to her suggestion if it had come across as less negative, more even-handed.

Experts agree: the best approach when talking about funds? A mutual one. When it comes to carving out more financial independence for yourself:

- "The best way to bring it up is as a benefit to the marriage," says Tina Tessina. "As in: I'm worried about what happens to us if something happens to you, and I want to sort out what happens to you if something happens to me."

- "You want to phrase it so that he sees the advantage to it," says Jonathan Rich. "You could say that you'd like some more freedom when it comes to money -- and that along with that increased control you want increased responsibility." With your own assets to manage, you can also learn more about contributing to financial planning for the family as a whole. (Dated as that notion may sound, financial planners say they still see many women with plenty of money who still aren't comfortable figuring out how to manage it.)

- Make it about you -- not about something wrong with him or the relationship," says Diana Kirschner. For example: "I feel so good being partners with you -- and on some personal level for me to feel even better I'd like to talk about having a separate account. It's not about you or us; it'll make me feel good about myself."

Over time, experts agree, the best way to talk about money is: frequently. "If you get money into your regular conversation it's not a scary thing," says Galia Gichon, a financial consultant to women and founder of Down-to-Earth Finance. Her recommendation: Set aside half an hour every couple of weeks to talk about your finances. When it comes to financial independence, after all, opening an

account is one thing, but keeping communication open is everything.
--*Lynn Harris*

Tips for Financial Independence

No matter what your income level, you could be in big trouble if you don't stay involved with the family finances. Take Caroline, a 61-year-old divorcee who learned the hard way.

Five years ago, Caroline was married and living in a huge trophy house in a ritzy Boston suburb. She had millions of dollars of jointly owned family investments and another few million dollars she had inherited in a family trust. She was set for life. Then one day, her attorney husband was arrested for embezzling money from his own law firm and his clients, including his own family and his wife's family trusts.

"She never suspected anything," says Mark Podolsky, the Dedham, Massachusetts-based certified financial planner to whom Caroline went for advice. "One day she woke up poor. She was so surprised that she spent the next six months defending her husband and claiming that it could not be true."

But it was. Caroline said her husband was so smart that he could cover up all of his illegal activities for years and nobody, including her, could figure out how he did it all. But, Podolsky says, the hard truth is that Caroline never looked. In fact, when she came to Podolsky's office for help, she brought six months of financial, banking and credit statements for review, but not one of them had been opened.

Podolsky says Caroline so was so intimidated by her own lack of knowledge about money that she just trusted everything was fine. Today, she has a small amount of savings, a condo in her own name, a few credit cards in her name with small amounts owed, no alimony, no pensions, and she's too young for Social Security. She works part-time selling real estate and she can't pay her monthly bills.

Your situation may not be as severe as Caroline's, but you should still take steps to protect yourself by staying involved with your family's money matters. Our experts offer these strategies:

1. **Educate yourself.** Attend classes, read books and magazines, ask questions. Your spouse may try to involve you in the family finances, or maybe not. So involve yourself. You'll feel more confident, and you'll learn to ask the right questions if you have a basic understanding of how money works.

2. **Know how to balance your checkbook.** Although this may sound obvious, many people -- men and women both -- don't know how to balance their checkbook. If you're not comfortable doing this manually, Marnie Aznar, a certified financial planner based in Morris Plains, New Jersey, says you should consider purchasing a software package such as Quicken or Microsoft Money, which can help guide you through the process.

3. **Understand your monthly budget.** Aznar says women need to pay attention to daily money management in the home. "If, for example, your husband has taken over bill-paying responsibility for the family, you should be aware of the balance in your accounts and on your credit cards," she says. "You do not want to find out in the middle of a divorce that your spouse has run up a $10,000 credit card bill that you may become partially responsible for."

4. **Open your mail.** If Caroline, the Boston divorcee, had taken this one step, she may have been clued in to her husband's finagling. "Always be aware and involved," says Podolsky. "Read your mail, including bank statements, investment statements, credit card reports, etc. If you don't understand something, ask your spouse to explain."

5. **Participate in major money decisions.** You need to understand and participate in major purchases, including investments, the purchase of life, disability, and long-term care insurance. Aznar says you should also participate in your family's estate planning, including any wills and trusts you need.

6. **Establish your own credit.** This is key, especially if your marriage is someday headed for a breakup. If everything is titled in your spouse's name, Aznar says, you won't have your own credit history, and this can ultimately be detrimental to your ability to be a financially independent individual. "Have your own

credit card, have a car loan in your name, some of the utilities in your name, keep your name on the mortgage," she says. Podolsky adds: "In the event of a divorce, you will still have something to fall back on."

7. **Open accounts in your name.** You need to have access to funds in case of an emergency, and to count on in the long run. Women tend to spend some time out of the workforce raising children or caring for aged parents and this impacts their ability to save in company-sponsored retirement plans and pension plans. You should have other savings accounts in your name even if you're not working.

8. **Know what you're signing.** If your spouse wants to put your house and all of your joint assets in his own name, or transfer them to a trust, or if he asks you to sign lots of legal documents without reading them, be suspicious, says Podolsky. Don't sign anything unless you understand what is happening and why. Make copies of documents and ask for help from a trusted advisor.

9. **Be able to support yourself.** Even if your husband is the sole breadwinner and you've taken some time off from the professional workforce, consider maintaining professional designations, stay in touch with former coworkers, and stay informed about technology in your field. "Do what you can to keep yourself marketable so that if in the future you decide to return to the workforce, you are in a position to do so," Aznar says.

10. **If needed, seek help from a professional.** If you meet resistance, prepare yourself for the worst by asking for outside help, says Podolsky. A CPA, financial planner, attorney, or family member might be able to explain some of the confusing financial documents that appear in your mail. Also, call investment or credit companies directly if you are a joint owner on the account to ask basic questions about your investments or credit.

Think of your financial education and involvement as an insurance policy. Hopefully, you'll never have to strike out on your own. But if you do, at least you'll have the tools to start anew.
--*Karin Price Mueller*