

How to confront an overspending spouse

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You've brown-bagged lunch for weeks and even cut out your morning latte and other non-essential purchases because you and your partner agreed to save up for your next vacation. A few months into saving, you're riding in the passenger's seat of your partner's car and notice a few receipts in the cupholder. You take a look and are astonished — that "quick run" they took to the grocery store last week somehow cost \$500 more than expected.

An argument ensues. You ask how much your partner has saved for your vacation. Their response is as bad as you expected: "Not much, but I have a new credit card on the way, and we can put my portion on it!" Feeling betrayed, you mentally block out their excuses for the rest of the ride.

If you are a "saver" married to a "spender," you might relate to this scenario. With two financial personalities so wildly different from one another, issues are bound to arise. Fearing retribution from the saver, the spender may lie about or hide purchases to avoid a fight.

This month, MagnifyMoney conducted a nationwide survey of 500 people who said they divorced over financial issues. And 30% of respondents cited overspending as the most common money problem in their failed marriage.

Sometimes, one partner lies to avoid a money fight even though it can potentially hurt the relationship down the line.

"[Financial infidelity] is not a financial exercise, its an emotional exercise," **says Lili Vasileff, founder and president of Divorce and Money Matters, a fee-only financial planning firm that specializes in divorce, in Greenwich, Conn.**

The expert divorce mediator says overspending may be the result of miscommunication, emergency spending, or unrelated, deeply seated emotional issues like an addiction. The partner then lies about overspending because of guilt or shame. They won't defend their actions but instead defend "whatever caused them to overspend."

If your partner is spending more than what you as a couple bring in each month, chronic overspending may put stress on your relationship and ultimately could change your relationship status. Luckily, there are steps you can take to address overspending in your relationship.

Step 1: Get all the facts first

Before you approach your spouse about their spending habits, you should make sure all of your facts are straight. Review all the proof you may have to see if your partner is actually overspending.

Melville, N.Y.-based financial planner David A. Frisch says the stereotype that women are more prone to overspend isn't necessarily true. "Stereotypically, the woman will have far more transactions with lower dollar items," he says. "And the man has fewer transactions for larger amounts." In reality, they may be spending the same amount; it just seems as if the woman is spending more because she makes more purchases.

If you manage your finances together, take some time to go through any shared financial statements to track your spending habits compared to your partner's. You may prove your hypothesis, but you may also notice you're actually the one spending more on personal purchases or be shocked to see you are both spending outside of your budget.

Step 2: Focus on the cause of the spending, not the spending itself

Partners commit financial infidelity for a myriad of reasons. The heart of the matter could be a simple spending problem or something more serious like potential shopping addiction, says Terrence Shulman, founder and director of the Shulman Center for Compulsive Theft, Spending, and Hoarding in Franklin, Mich.

"Sometimes there are people out there who are just poor money managers," Shulman says. "They can usually be helped with good financial advisers. If you are truly a shopaholic, all the best strategies probably won't help at all because what's motivating you is emotion and addiction."

Knowing the difference between an addiction and a budgeting problem can be beneficial when coming up with a solution. Shulman suggests the following tips to discern addiction from poor money management.

Signs of shopping addiction:

1. It's a chronic issue

- Does the problem seem to be cyclical? Does your partner seem to get better at budgeting for a few months, then relapse?

2. The problem only gets worse over time

- Do their spending habits seem to be worsening? Is your partner hiding more and more purchases or details about their spending?

3. They're spending money they don't have

- Do you consistently see your partner incurring overdraft fees or overdue bills for credit cards that go unpaid?

4. They buy things they don't need or gifts they can't afford

5. They suspect they have a spending problem but still persist

6. There is some level of hiding, lying, or deception going on

- Does your partner hide a bank account from you? Do they send bills to another P.O. box or schedule deliveries to arrive when you aren't home?

Approach with caution

If your partner is truly addicted to spending, it is OK to confront them. Just make sure they don't feel ambushed.

"Don't just spring it on the person," says Jonathan Swanburg, investment adviser representative at Tri-Star Advisors in Houston, Texas. "You need to plan it out. Allow the other person to mentally prepare so they know it's not a fight — that it's a conversation and not a lecture."

Vasileff says it's "important to have a quiet space to [have the conversation] in and not to have it when there is tension or you are at the final straw." She says to set a time aside to speak about the issue and approach it from a gentle, positive, and helpful angle.

"Though you are very upset, if you are going to yell, get it out of your system fairly quickly and try to adopt some semblance of care," says Shulman. He suggests using "we" or "I" phrases; try something like "this is creating a problem for us."

Address facts, not emotion

Vasileff emphasizes looking at your partner as a team player and not to turn the conversation into a "fault-casting situation." She suggests choosing a cutoff date for

moving forward from the issue. Start fresh from this date, and don't try to change the past.

Shulman agrees with this sentiment, but adds that you shouldn't put your partner down. "At some point you'll need to acknowledge that they have an issue and beating up on them may worsen or fuel the issue by compounding stress in the relationship," says Shulman.

Be open-minded

Pay attention to your partner's words and behavior during the conversation. Oftentimes the confrontation can be an opportunity for the couple to grow closer and learn about one another as spouses. It can be a great opportunity to learn why your partner's habits around money are that way and what you can do to help.

Step 3: Create a system to prevent needless spending

If you're up to the challenge, you and your partner can try one of these solutions to resolve the overspending together.

Follow a budget

Start by figuring out exactly where your money has been going.

"You can't fix something that you can't measure," says Swanburg. "If you just tell someone to spend less, that's not going to work because it's not actionable."

Frisch suggests using software like Quicken or Mint to track and categorize your spending to really see what's going on." Frisch says his company has observed a 10%-15% decrease in expenses when couples track how they are spending.

After you know where all of your money went, you can create a budget and keep track of how well you and your partner stick with it. Try to make the budget reasonable for the spender.

Regardless of how you spend the money, you should both keep to a budget. "If [the budget] can be agreed to, you should be fine," says Shulman.

Educate yourselves

Usually, one partner is more interested in finances than the other. That could be you or your overspending partner. Either way, a lack of interest doesn't mean one partner should be left in the dark.

"Even if they don't want to know the difference between a stock and a bond, they should know how many accounts there are or what the budget is," says **Vasileff**.

You and your partner can read books or find online resources to learn about personal finance and find tips you can use to help manage your budgeting and investments.

You should convene periodically to discuss your finances so you both can stay on the same page. **Vasileff** suggests meeting at least once a year, well before tax time, to review all of your bills, accounts, and investments so the discussion is less stressful.

Switch roles

If you are the one who manages all of the finances, your partner may be overspending out of sheer ignorance.

“On rare occasions, sometimes when one person has been managing the money all the time, the other doesn’t have a clue what the bills are,” says Shulman.

Shulman suggests, as an exercise, to hand over the financial responsibilities and monitoring to the overspending partner for a period of time. It’s possible that seeing the numbers and learning how the couple’s finances work could be a wake-up call for the overspender and motivate them to cut down a bit.

Be a partner, not a parent

In case it’s already crossed your mind, Shulman says he’s “not a big fan of taking credit cards away.”

You might be the more “responsible” partner, but you’re not your partner’s parent. Frisch says you should try to keep things as fair and level as possible when trying to resolve overspending. He emphasizes tracking your spending means being accountable to each other, but that means working together as partners not in a parent-child relationship.

“It’s imperative that spouses communicate to each other, ‘if we are spending too much now, we won’t have enough later. We’ve really got to be on a unified front when it comes to our allowance,’” says Frisch.

Step 4: Try bringing in a financial expert

If you’ve tried but can’t work through the overspending issues on your own for any reason, you can turn to a financial expert like a planner, adviser, or a mediator. “In many instances, going to a financial adviser or a financial planner is almost like going to a financial therapist,” says Frisch.

He suggests an unbiased, expert third-party could help “ultimately articulate the couple’s goals, if they are reasonable or attainable, and how to get there.”

Step 5: Protect yourself

After you've tried every nonthreatening intervention possible and it's not working, **Vasileff** suggests you take actual steps to protect yourself.

You can try arranging a postnuptial agreement or promissory note in case the problems persist or worsen. To restrict your partner's access altogether, you can separate your joint accounts, or create your own separate account for your own money. Keep in mind you may need your partner's permission to separate a joint account or to transfer amounts from the joint account to your personal account.

Vasileff says these would be the final steps one might take before ultimately considering divorce.

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