

“STEPFAMILY FINANCE\$: MONEY & STUFF”

Part 2

By Carri & Gordon Taylor

In Part 2 we are addressing the TANGIBLES of stepfamily finances by breaking them down into three main areas:

- 1) Assets and debts
- 2) Stuff and possessions
- 3) Designated monies of mine, yours and ours.

1) Assets and Debts

In a first marriage, particularly if it is entered into at an early age, there may be very little or no assets or debts. In a subsequent marriage, assets and debts have accumulated. To name some: homes, vehicles, boats, businesses, loans, credit cards, investments, insurance policies, and retirement plans. It's easy to address the positive value of these items. It's more difficult to disclose the debt attached to them, or if the ex-spouse's name is still on or attached to any of these items.

One of the more bizarre situations we experienced was with a couple who were friends of ours. While Sue and Bill were married, Sue was on Bill's retirement plan. When they divorced, she remained on the plan. Both remarried with Sue still on Bill's plan. In fact, if Sue died before her new husband Ron died, Ron would receive Sue's portion of Bill's retirement plan. Bill's new wife received none of it. (You may need to read this twice!)

2) Stuff and Possessions

Who has what? We're talking about items such as: furniture, housewares, tools, sports equipment, books, clothes, plants, artwork, decorator items, and even pets. Whose possessions will occupy the residence?

Whose stuff are we going to keep? Gordon has often said, "My stuff has feelings, too, you know. It has a history and memories attached to it. I didn't really realize that until a lot of it was gone."

Where are we going to live? Moving into a home that was previously occupied by a former spouse (divorced or widowed) can be like moving in with ghosts. Joy Baxter described it as needing an "exorcism." This can be beneficial to keep the children stable and at the same time if the new spouse wants to rearrange or change anything, this can be met with much resistance from the children. In fact, Joy also said that it took three remodels until she finally had a sense of it being her home.

3) Designated monies of Yours, Mine and Ours

The traditional model and assumption is that we will put all of our money into one pot - an “Ours.” One problem that can arise is when the new wife is writing alimony or child support checks to the ex-wife. Even though she signed on to all these pre-existing relationships and legal agreements, resentment can surface.

This is what Ana Lopez experienced. “I was divorced and single for five and a half years. I had money then and didn’t have to worry. When I married Joe, I handed my paycheck over to him, and all of a sudden, I had no money. We were living paycheck to paycheck, and that was a rude awakening for me. I also became bothered with our joint checking account because Joe was paying a tremendous amount of alimony and child support, and here I was, handing my check over to him. He was also paying for his ex’s phone bills, her AAA card, and I didn’t understand why.” According to Joe, “I did pay for those things. I thought if I did that, it would keep the peace with my ex-wife and I would have access to my kids. I didn’t see it as a very big deal.”

There are many models that will work more effectively in the stepfamily. Here are some we’ve seen:

1) Everything stays separate.

He pays for his liabilities, expenses, child support/alimony, investments and does his own estate planning. She does the same and they designate what part of their “ours” living expenses each will be responsible for. After all, they have children for whom they may want to accumulate an inheritance.

2) Three pots – his, hers and ours.

A joint account is established where they each deposit money to cover the “ours” expenses. Everything else continues to stay separate. How much each contributes to this pot can be handled in several ways.

- a) They each contribute equally.
- b) They each contribute proportionally depending on their income.
- c) They determine another way which will be equitable.

3) A merging plan.

They use the elements of #2 and determine what time-frame will be reasonable, considering their assets and debts, to merge the “yours” and “mine” into an “ours.”

None of the above is easy to do. We did it with an attorney before we got married. We established an “Ante-nuptial Agreement” that put us on an 8 year track. Many people cringe at the mention of an agreement of this sort. Many believe this violates trust and sets the couple up for divorce. We will address trust in Part 3. We believe this is simply a means to establish an operating plan whereby the couple can do the tough work before marriage and have the time and energy to handle relationship development after marriage. Before marriage, we negotiate. After marriage, we fight!