MONEY MAKEOVER

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# Anxieties surface as couple considers tying the knot

By Linda Tucci, Globe Correspondent | May 6, 2007

Aaron Weber has money but is so worried about being broke he can't enjoy himself. His girlfriend, Megan Sullivan, has some debts but wants to enjoy life more.

A couple for four years now, they are considering marriage, but Weber has a case of cold, make that, frozen feet. It's not that Weber, 30, isn't sure he loves Sullivan, 31. It's just he doesn't like how she handles money.

"I want to marry her, but I don't want to marry her debt, and I can't justify spending anything on a wedding when our finances don't make sense at all," Weber stated in his appeal for a Boston Globe Money Makeover.

Sullivan is not exactly the poster child of profligacy. Her most onerous debt is $6,000 on a credit card at 20 percent APR. Weber, meanwhile, has considerable assets -- $100,000 in retirement funds and a $320,000 trust fund, started by his parents when he was born.

"I worry about saying the word 'prenup,' though," Weber wrote. "I mean I'm not a monster."

A monster? Certainly not, said Dana Levit, a fee-only financial planner at Paragon Financial Advisors in Newton who advised the couple. She concluded the condition of their finances didn't warrant nearly so much anxiety from Weber. They do a good job living in an expensive city on modest salaries. Both save for retirement. The issue has more to do with psychology than finances.

"A lot of financial planning is emotional, particularly when couples are first coming together," Levit said. Their financial plan needs to balance Weber's fears about not having enough money with Sullivan's concerns about having her finances constantly scrutinized.

Weber is a technical writer and makes $50,000 a year. Sullivan is a buyer for an independent bookstore in Harvard Square and makes $35,000. They share an apartment near Davis Square in Somerville.

Weber wears his anxieties on his sleeve. "I'm always terrified about money, that something is going to go wrong, that I bought the wrong thing, that I spent too much," Weber said.

For example, in February the couple went on vacation in Miami after Sullivan found a deal on tickets. "It was beautiful and sunny," Weber recalls, "but every time I turned around somebody was reaching out for money -- $14 for a cocktail!

"I feel like such a jerk. I mean what kind of jerk can't live on $85,000 a year?" he said.

Plenty, it turns out. "It is really hard for a couple to live in Boston for less than $100,000, so it is not surprising to me you're struggling," Levit said. With the rent on their apartment at $1,250 a month, the couple spends 43 percent of their budget on housing -- above conventional amounts.

But one other reason money seems so tight is that they are "doing such a good job at saving," Levit says. Sullivan puts away $60 a month for retirement; Weber, about 20 percent of his salary.

The couple also lives within its means. They take home $56,000 and spend $55,000, a "phenomenal accomplishment," Levit said. Even their financial goals turn out to match: Both want to know whether they can afford to buy a house; plan a wedding; and pay off her debt.

As for the cushion Weber's trust provides: "I try not to look at it or think about it," he said. "It's family money. I try to regard that as just extra good luck, and I want to be able to do this without that, because it doesn't seem real to me."

"But what is the money for?" says Sullivan , who gamely joined Weber for the financial counseling.

"What happens when we get old? Do we start spending it then, or is this always going to be, 'You never want to look at it, so we die, and then what happens, the cats get it?' "

Levit laid out a financial plan to soothe these competing concerns. They should maintain two levels of emergency funds for short term-cash needs: 10 percent of gross income in a high-interest savings account, and another 20 percent in a retirement account. Level I is more than taken care of with Weber's high-earning $25,000 money market account. They should build up level II.

Long term, Weber and Sullivan will need $1.1 million to maintain their current lifestyle in retirement. They are way ahead there. And as for a house, the only mortgage they can afford is $210,000 for 30 years at 6 percent. No Davis Square loft for them, just yet. To buy something for $300,000 would require Weber to contribute $90,000 from his trust funds.

It's tough for young couples to come to terms with their money, especially when one brings more of it to the table than the other, Levit said. Higher earners may feel as if they're being taken advantage of. Lower earners may feel as if their spending is being judged. Weber and Sullivan could evenly split living expenses, but instead they choose to contribute a percentage of salary to the joint expenses. So, neither should feel bad. They could also designate "judgment-free cash" -- money either could spend without being questioned.

It's also tough to deal with family money, she said: Guilt, embarrassment, ambivalence -- family money can do a number on people. How to come to terms? Well, he can accept the gift and "reframe it," maybe use it do something he wouldn't do otherwise. Or he can put it toward a house, a wedding, or "pay it forward"; that is, pledge to be generous in the future to someone else.

Given Weber's aversion to risk, Levit was surprised his investment portfolio was made up of roughly 95 percent equities -- and over 60 percent of that in individual stocks. She suggested moving some into more conservative investments.

And regarding that monstrous prenup, she advises all her clients to have one: "It's better to essentially write your own divorce when you like each other."

A week later, Weber e-mailed a thank-you note to Levit, reporting that he had rebalanced his retirement account and decided to take another suggestion : Loan Sullivan money to pay off the credit card all at once. "We left reassured that we're saving enough money for retirement, but also realizing that we've been handling money like roommates instead of as a family." ■