Blending Families & Finances

By Amy Merrick

Stacie and Justin Nails blended their families five years ago. "It was definitely a growing process," Stacie says.

PHOTO BY ABIGAIL BOBO

When a marriage involves children from a previous relationship, families may face financial challenges. Here are some of the biggest issues that can come up—along with tips on how to address them.

CREATING A BLENDED FAMILY means unifying two sets of experiences and expectations. While all couples face tough conversations about money, those bringing children—no matter their ages—into a marriage have extra factors to consider.

Whether you're talking about remarriage after being widowed or divorced, or you're already living as a blended family, these tips from Thrivent members and financial professionals can help you balance everyone's interests.

Start the Conversation

Everyone brings personal attitudes and beliefs about money into a relationship. When creating a blended family, one partner, for example, might have money issues stemming from experiences with a previous partner. The other person might have concerns about how budgeting will affect their children. To work through issues and set the tone for how they will manage finances, couples should have an open dialogue about their assets, income, expenses and spending habits.

David Stach, a Thrivent Financial professional with The Dulles Group in Chantilly, Virginia, recommends that couples make a list of their assets to help in discussing long-term financial plans. For example, if one person has a 401(k) plan or IRA that she had planned to use for her own retirement, that could prompt a discussion about what retirement might look like with a new spouse.

Jeremy Simpson, a Thrivent Financial professional in Hartselle, Alabama, suggests couples closely examine all income sources. These calculations can be more complex for blended families, whose income may include support from an ex-spouse or Social Security survivor benefits. "It's a transition in life for these families," he says. "We ask them to really look at the big picture and lay out everything on the table that they can, and to talk through it, trying to identify immediate and specific needs for their kids."

Couples also should discuss expectations around expenses. What seems natural to one may seem unusual to the other. For example, older couples who are remarrying may have become used to budgeting in certain ways for many years. Stach recalls a situation where just one spouse—the wife—was tithing, but her new husband didn't believe in the practice. In their conversations with Stach, she expressed how important it was to her, so the couple made tithing from her income part of their financial plan. "Her husband often made fun of it, but he understood," Stach says. "It didn't become a sore spot."

For couples who share a common faith, Stach adds, it can be helpful to pray together about financial concerns. "It leads to a deeper discussion," he says.

Treat Children Fairly

In a blended family, you'll likely encounter a number of decisions about how to financially provide for the kids. Every family's situation will look different, depending on the age of the children and whether a former spouse shares custody.

Expenses for each child can vary as families merge. For instance, one spouse's child might have expensive private-school tuition while the other spouse's child might attend a tuition-free public school. While there's no single solution to reconciling child expenses, it's important that this be addressed intentionally and fairly, knowing that fairness isn't necessarily monetary equality. Couples need to find ways to show they are committed to each child's well-being.

Even couples who marry and have adult children need to consider fairness. For Sal and Diane Signorino, Thrivent members in Haymarket, Virginia, their marriage in 2006 began what has been a journey of bringing their children together to feel comfortable as a blended family. It also prompted conversations about how to share their financial legacy among their children.

The Signorinos, who were both widowed, were in their 50s when they married. Sal's son was graduating college, and his daughter was 25. Diane's children were in their late 30s, and she already was a grandmother.

"We didn't have to worry about how to pay for college," Sal says. "We had to worry more about getting ready for the next phase of life." After covering expenses following his wife's death, he found himself swimming in a little bit of debt, he says. He worried about whether he would ever get to retire.

Over the next few years, the Signorinos paid off his daughter's college loans, his credit card debt and a home-equity loan. Today, they are semiretired and work part time—Sal as a substitute teacher, Diane as a school nurse.

Diane and Sal Signorino were both widowed when they married in their 50s.

PHOTO BY MARISA GUZMAN-ALOIA

With their finances stable, they bought a lake house where they can gather with their children and their families. They try to get everyone together at least once a year. Sal's finding that new grandchildren, who never knew their previous spouses, are helping to strengthen their family ties.

The Signorinos want to divide their estate equally among all four children, instead of basing it on which one of them contributed more or less. "When the day comes and we're gone, I want to leave something with no one having to worry about it," Sal says. "I'm hoping it's as fair as it can be."

Keep Communication Open

Stacie and Justin Nails, Thrivent members in Decatur, Alabama, blended their families five years ago. Both were previously divorced and Justin had three children from his first marriage, who then ranged from 5 to 13 years old. Stacie had a 6-year-old daughter, whom Justin has since adopted. The couple also recently adopted another child from China.

"It was definitely a growing process," Stacie says. "The hardest thing for me was I had one child, and then all of a sudden we had four together. That was a big jump for me [financially]." The responsibilities of moving children between two homes and splitting expenses with ex-spouses were, she adds, a big learning curve.

Justin says they learned quickly to improve their communication skills. They let each other know right away about unexpected expenses such as doctor bills, so no one would get surprised. "That would just put a stress between me and Stacie," he says.

Now, at the beginning of each month, they include a line in their budget for unplanned costs, such as doctor copays or school field trips. If they don't end up using the money, they carry over that amount to the next month or spend it on something else the family needs.

They also are careful to communicate with their ex-spouses in writing about financial decisions, which reduces misunderstandings, and to keep their children out of any disagreements.

"You're not always going to agree on certain things, and that can get heavy, especially in your marriage," Stacie says of dealing with an ex-spouse. "But you make a plan, you pray about it, you communicate constantly, you work through it and you move on."

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>
> —Thrivent member Stacie Nails on blended families and an ex-spouse

Set Up Accounts

The Nails have multiple joint accounts—two savings and two checking—but only to help them organize different types of spending. They share all their financial resources without considering who contributed the income.

That's the approach suggested by Simpson, their Thrivent Financial professional. "Although one spouse might make all the money, or one might make more than the other, that doesn't mean they get more say or more control," he says. "Hopefully they're both contributing 100 percent, whether through finances, time, talents or love."

Stach says the best plan can depend on a couple's life stage and goals. When he and his wife, Tara, married and formed a blended family, they kept savings for their children's college tuition separate. Since they knew they would spend the money in the next few years, it didn't make sense to merge the funds.

With younger children, it can help bring the new family together by having both parents contribute to the same pool of money. An exception may be child-support payments to an ex-spouse, which Stach suggests paying from a separate account. Keep in mind that whether you are the person paying or receiving support, remarriage can change child-support or spousal-support payments. It's a good idea to have your attorney review your divorce decree and the laws in your state.

By keeping the lines of communication open, blended families can grow together, resolve conflicts and develop their own dreams. "You need to go into it with the question: Is this person my partner?" Sal says. If the answer is yes, "then everything else will work." ■

Amy Merrick teaches journalism at DePaul University in Chicago. Her work has appeared in *The Wall Street Journal*, *The New Yorker* online and the *Chicago Sun-Times*.

RESOURCES FOR BLENDED FAMILIES

- brightpeak financial™, a division of Thrivent, helps couples understand their relationship with money. **brightpeak financial.com**
- Auburn University's National Stepfamily Resource Center has educational programs and tips for blended families. **stepfamilies.info**
- The American Psychological Association offers tips on finances and parenting responsibilities for stepfamilies. **apa. org/helpcenter/ stepfamily.aspx**
- FamilyLife Blended offers a variety of biblically based resources for blended families, including books, DVDs and other educational materials. **familylife.com/ familylifeblended**
- Prepare/Enrich is a relationship program for all couples, including those in blended families. It strengthens relationships by providing research-backed resources to families and clinicians. **prepare-enrich.com**