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Psychotherapist and money writer Kate de Brito helps two readers deal with bad money habits and an overspending partner.

"I'M BAD WITH MONEY JUST LIKE MY PARENTS..."

Q "NO MATTER WHAT I DO, I CAN'T GET ON TOP OF MY SPENDING HABITS. MY PARENTS WEREN'T VERY GOOD SAVERS AND I'M AFRAID I'VE INHERITED THEIR STYLE OF MONEY MANAGEMENT. EACH FORTNIGHT I PLAN TO SAVE MONEY AND EACH FORTNIGHT I DON'T. SHOULD I JUST ACCEPT I'LL ALWAYS BE HOPELESS WITH MONEY?"

CHANGING YOUR SPENDING style is a bit like trying to lose weight or going on a health kick. It won't happen overnight and you have to put in the effort to get the gains you want. The most important thing is you are ready for change; you have taken ownership of the mistakes you have made in the past and you're prepared to do something about them.

Investment motivator John Demartini says people will never save the money they need to gain financial security unless that goal goes to the top of their hierarchy of values. If you look at your list and the top items are dinners out with friends, holidays and shopping, all above savings, then you need to change the order.

The brutal reality is that saving for financial security means giving up some of the things you love. It also means sticking to a budget so you don't spend more than your income and start racking up debts.

In terms of inheriting a poor money management style, Janet Webber, senior financial planner at Commonwealth Financial Planning, says people do have different personalities when it comes to spending, but these can be altered, if you're committed to change.

Janet says the basis of all good money management is budgeting, a skill that can be learned over time. Like many major banks, the Commonwealth Bank offers an online budgeting calculator. You can type in the figures and the system will work out the rest. The hard part, in the beginning at least, is working out what you spend.

Go back through past bills for the last six to 12 months to work out your average monthly spending on petrol, electricity and phones. Then, work out what you spend on other items, including clothes, entertainment and food. Janet recommends keeping a diary for a month, once a year, to track spending. "I still do this and it always gives me a shock to see how much I'm spending on things such as lunches and coffee every day," she says. Once you know how much you spend, you can work out where you can make savings.

The next step is to save a certain amount of money each pay. The best way to do this is to have the money automatically deducted from your account – ideally, about 10 per cent of your gross income. Have the money transferred to an online account that pays higher interest and can't be accessed via an ATM.

Once you have accumulated a larger amount, transfer it into a fixed-term account or managed fund so you can't get at it without attracting fees. Any money left over after bills, rent or mortgage, food and savings is yours to spend as you wish.

In the beginning it will be difficult to distinguish between what you need and what you want, but this will become second nature over time. Every day we are bombarded with messages encouraging us to spend money, so it truly does take a certain degree of willpower to resist.

Bad habits can be broken. We inherit certain characteristics and we learn others along the way, but we are individuals and have the ability to make our own choices – even when it comes to money.

"I'VE BEEN WITH MY PARTNER FOR FOUR YEARS AND THE MAIN THING WE ARGUE ABOUT IS MONEY. I'M A GOOD SAVER, MONEY CONSCIOUS AND ALWAYS KEEP AN EYE OUT FOR BARGAINS, BUT HE BLOWS OUR BUDGET EVERY MONTH. WE'RE TRYING TO SAVE FOR A HOME AND I CAN'T SEE HOW WE'RE GOING TO GET THERE. IS THERE A WAY WE CAN WORK TOGETHER TO ACHIEVE OUR GOALS?"

DIFFERING MONEY MANAGEMENT styles can be one of the leading causes of conflict in a relationship. While these differences are sometimes obvious at the beginning of a relationship, they become most noticeable when couples merge their money or commit to the purchase of a major investment.

Katrina Pulbrook, a financial planning relationships manager at ANZ, says frustration with a spendthrift partner can be especially difficult for women reared on traditional notions of men being head of the household and responsible for providing the money to keep it running. "I think generally men are more accepting of women who spend money, but women expect men to be more stable and look after the financial side of things," she says.

Realising you may need to be the one to take responsibility for joint finances can be a big step for some women. "Couples need to sit down and work out how their money is going to be organised," Katrina explains. They also need to talk about their different spending styles and plan ahead to deal with potential problems.

Many money problems in relationships are simply an extension of communication difficulties within the partnership. By listening to your partner and trying to understand why he feels the need to spend money on a certain item, you may begin to work together to find a solution.

Emotional issues aside, Katrina believes that on a practical level, one of the best ways to bring couples together over finances is to separate their money. "For some people it's better that they set up different accounts for their own pay and then agree on a certain amount that is deducted from each salary to pay for bills, rent or mortgage and for saving," she says.

The rest they can spend as they see fit. If couples earn different amounts, they can calculate their contribution to the budget and savings as a percentage of their salary rather than a set sum.

Both also need to look at the way they do or don't spend money and make compromises. She may need to focus on backing down from her thrifty habits, freeing up a little money for treats. Her partner may have to learn to put off indulging himself. Instead of having lunch out every day at work, he might take his lunch from home two days.

Rana Jewell, a public accountant and author of *Couples With a Financial Difference: Can a Saver and Spender Live in Harmony?* (available at www.beneaththesurface.com.au), says couples can actually benefit from having different spending styles. "Learning to live with the difference can be an advantage," explains Rana. "The saver is important if the couple wants to buy the bigger things in life, such as a house, but the spender can help the saver see it's okay to spend money on things they want," she says.

Rana explains that in her own marriage, she is the saver and her husband is the spender. "So if I wanted to go on a trip to New Guinea to go scuba diving, he will help make it happen," she says. "Left by myself I would probably never go, thinking I shouldn't spend the money. He will encourage me to book the ticket and enjoy a wonderful experience."

Rana tells her clients to write down what they want separately and also as a couple. When both people are clear about what they want, they can work towards achieving their joint and individual goals. "For the spender, the reward comes with accumulating the money to spend on what they've been wanting," she explains.

Rana believes some spenders will never learn the skill to manage money, so the couple has to find a solution rather than focusing on the problem. "I think some couples have to realise that one will need to take the lead in the financial area," she explains.

"In relationships we all have our strengths," says Rana. "So, while I am better at the financial side of things, my husband is an excellent gardener and handyman. He takes care of things I could never imagine doing."

Rana also advises that couples shouldn't expect overnight results. Both of you have had unique patterns of money management for many years, and it can take a long time to change.

Rana's own journey with her husband is continuing. "We started by defining the problems and then tried to come up with solutions. It's still not perfect," she admits. "We still argue like every other couple, but not to the same extent as before. We may relapse into old patterns, but there are less relapses and the relapses themselves are shorter and shorter." ■

top budgeting tips

1. Don't see a budget as being about what you can't have, but instead, working out what you can afford.
2. Don't deprive yourself completely. Factor in the odd treat, otherwise you will never stick to your budget.
3. Don't use ATMs, or only use them once a week.
4. Leave your credit card at home; the less temptation, the better.
5. Only shop when you have to.
6. Shop during sales, especially for major purchases.
7. If you see something you want, look at your budget first. If you can, save the money rather than use credit.
8. Pay your bills on time. You can save hundreds of dollars a year in charges.
9. Go back through your bills and work out where you can cut costs.
10. Don't be afraid to ask for a discount.