



'Til Debt Do Us Part

Thinking about taking the financial plunge and combining your finances? Here are six relationship-saving strategies to consider before merging your accounts.

From that first fumbling conversation about how to split the check to opening a joint bank account, sooner or later every couple will need to talk about finances and who pays for what. While there is no one right way to join finances, finding the way that's right for both of you means reconciling competing ideas on how to budget, how to save and what your goals are for the future. Here are six common strategies to consider when deciding to take the plunge and merge your money.

STRATEGY #1: SEPARATE ACCOUNTS, ALL EXPENSES DIVVIED UP

How It Works:

Each person identifies which monthly expenses they'll be responsible for, based largely on who benefits the most from that particular expense.

Breakdown

By taking this approach to money, you don't pay for expenses you don't use: If

your partner likes to golf and you like to paint, they can pay for a club membership while you pay for art supplies. It's also relatively straightforward to untangle your finances were the relationship to fizzle out. Just be sure you have a plan for navigating shared expenses.

Pro Tip

You might consider drawing up a more formal agreement spelling out who is responsible for what and updating that agreement as your relationship evolves – especially if you choose to live together.

STRATEGY #2: ONE PERSON PAYS FOR EVERYTHING

How It Works:

The higher-earning partner takes on all the household expenses.

Breakdown

This strategy is easy to implement, as it requires no new paperwork or accounts to open. But understand that when there's a significant disparity between the two incomes, couples need to work out how much authority the non-earner has to make financial decisions. ►

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Pro Tip

Make sure everyone's expectations are clear upfront, including what happens in a break-up (would the higher-earner get paid back?) or if the lower-earner were to join or rejoin the workforce. Also, it's imperative the non-earner has access to funds should a medical or financial emergency befall the wage-earning partner.

STRATEGY #3: SEPARATE ACCOUNTS WITH AN IRREGULAR INCOME

How It Works:

Everything from recurring expenses (groceries, a mortgage) to lifestyle decisions (dining out) to financial priorities (paying off debt, saving for retirement) comes out of the recurring income stream, while the income from the other partner goes straight to a shared savings account.

Breakdown

This approach can be tough to implement, as you are essentially living off of one income. However, if you and your partner are able to limit your expenses, it can be a great way to ramp up your savings.

Pro Tip

Ideally the irregular income would only be used for expenses that have a flexible due date, like saving for a house. It could also be used to start building or supplementing your emergency fund.

STRATEGY #4: ONE SHARED ACCOUNT + TWO SEPARATE ACCOUNTS (EQUALLY FUNDED)

How It Works:

This strategy has you and your partner maintain separate accounts for personal spending and a joint account you contribute to equally for shared expenses like rent, utilities and groceries.

Breakdown

With this arrangement, each partner contributes a fixed amount to their shared account without sacrificing autonomy – you can still spend money from your personal account on what you like. It also limits your losses should the relationship end abruptly and one partner were to drain the shared account.

Pro Tip

Be sure to talk extensively about how to join finances when one of you has larger debts, like a mortgage or student loans. Also, you might want to think twice about paying mortgage

on a house you don't own. The same holds true on paying down your partner's student loans, though you both will hopefully benefit from your partner's increased marketability.

STRATEGY #5: ONE SHARED ACCOUNT + TWO SEPARATE ACCOUNTS (PROPORTIONALLY FUNDED)

How It Works:

This strategy takes the same approach as the previous one, except you each contribute an equal percentage of your income (say, 40%) to the shared account rather than a specific dollar amount.

Breakdown

Because this strategy uses a percentage of each partner's income, it may be a fairer way for couples to contribute to shared expenses. Be sure to revisit how much you contribute to the joint account as salaries and careers evolve.

Pro Tip

Although everyone hopes for the best when entering a relationship, be wary of cosigning loans or committing yourself to a lease or mortgage should things fall apart. Such an action could negatively affect your credit long after you both have moved on.

STRATEGY #6: ONE COMBINED ACCOUNT

How It Works:

You pay for all expenses and set aside savings from one shared account.

Breakdown

With only one account needed for both partners, this arrangement is the most straightforward and easiest to maintain. None of the money in the joint account is exclusively yours – which, like it or not, gives each of you a say in your partner's spending decisions. Also, it can be difficult to divvy up a joint bank account should the relationship fall apart, though married couples have the legal system to fall back on if need be.

Pro Tip

If this strategy feels like a little too much sharing, you can also consider each person maintaining a small side account with "fun money" – a personal spending account entirely free from judgment. Just be sure to reconnect monthly to talk about spending and your progress on your financial goals.

[Please reach out if you or anyone you know would benefit from discussing this topic further.](#)