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Combining Your Finances When You Marry

How separate (or intertwined) should your financial lives be?

Provided by Robert W. Bruner

Some spouses share everything with each other – including the smallest details of their personal finances. Other spouses decide to keep some individual financial decisions and details to themselves, and their relationship is just fine.

Just as a marriage requires understanding, respect, and compromise, so does the financial life of a married couple. If you are marrying soon or have just married, you may be surprised (and encouraged) by the way your individual finances may and may not need to change.

If you are like most single people, you have two or three bank accounts. Besides your savings account and your checking account, you may also have a "dream account" where you park your travel money or your future down payment on a home. You can retain all three after you marry, of course – but when it comes to your expenses, you have a fundamental decision to make.

After you marry, the two of you may also find it best to have three checking accounts. Yours, mine, and ours? Essentially. A joint account can be set up specifically for household expenses, with each spouse retaining an individual checking account. Of course, each spouse might also maintain an individual savings account.

Do you want to have a joint bank account? The optimal move is to create it as soon as you marry. Some newlyweds find they need a joint bank account only after some financial trial-and-error; they would have been better off starting out married life with one.

If you only have individual checking accounts, that forces some decisions. Who pays what bill? Should one of you pay most of the bills? If you have a shared dream (like buying a home), how will you each save for it? How will you finance or pay for major purchases?

It is certainly possible to answer these money questions without going out and creating a joint account. Some marrying couples never create one – they already have a bunch of accounts, so why add another? There can be a downside, though, to not wedding your finances together in some fashion.

Privacy is good, but secrecy can be an issue. Over time, that is what plagues some married couples. Even when one spouse's savings or investments are individually held, effects from that individual's finances may spill into the whole of the household finances. A spouse who has poor borrowing or spending habits, an addiction, a sudden major debt issue, or an entirely secret bank account may be positioning himself or herself for a money argument. The financial impact of these matters may affect both spouses, not just one.

A recent Ameriprise Financial survey of 1,500 couples found that nearly a third of them argued about money matters at least once per month. About 70% of the respondents in that survey reported making purchases without informing their spouse or partner. Seventy-three percent said that they made money decisions differently than their better half did. In households like these, a little communication could help put both spouses or partners on the same page.[1]

So above all, talk. Talk to each other about how you want to handle the bills and other recurring expenses. Discuss how you want to save for a dream. Chat about the way you want to invest and the amount of risk and debt you think you can tolerate. Combine your finances to the degree you see fit, while keeping the lines of communication ever open.

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Citations.

1 - bloomberg.com/news/features/2016-09-29/couples-can-spy-on-each-other-s-spending-with-this-new-bank-account [9/29/16]