# “MY” MONEY,– OR “OUR” MONEY?

**The pros and cons of pooling finances with your significant other**

Some couples face a difficult (and sometimes awkward) question when they decide tie the knot: Should they combine their finances, keep them separate, or do a little of both?

What they decide depends on a lot of different factors—including how comfortable they are comingling their money and whether they have confidence in their partner’s spending habits. Studies have found that couples who combine their credit-card, bank, and investing accounts are happier in the long term.[1] Their pooled resources help them achieve traditional goals such as saving for retirement and buying a house—and leads to greater wealth. The Wall Street Journal reports that married couples hold four times as much wealth as unmarried couples who live together, and researchers say combining finances is one reason for that.[2]

There are also other benefits to pooling finances, according to research published in the Journal of Personality and Social Psychology.[3] The study shows that couples who pool all of their money experience greater relationship satisfaction and are less likely to break up. This is especially true for couples with low household income or those experiencing financial distress. Couples who openly talk about money issues are more likely to be on the same page—and more likely to achieve their financial goals, according to the study.

## Survey reveals financial secrets

According to a 2022 survey by CreditCards.com, 43% of couples have only joint baking accounts, 34% have a mix of joint and separate accounts, and 23% keep their finances completely separate.[4]

Some of them admitted to being “financially unfaithful,” according to survey results. For example, 32% of respondents admitted to one—or all—of the following:

- Spending more than their partners would be comfortable with
- Holding secret debt and/or a secret credit card, checking account, or savings account

Young adults and millennials were more likely to keep financial secrets from their partners, and the reason could be because their relationships are in their earlier stages than respondents who are Gen Xers and baby boomers.[5]

[1] The Wall Street Journal, Dec. 4, 2022: Couples Who Combine Finances are Happier, so Why Don’t More Do it?
[2] The Wall Street Journal, Nov. 7, 2022: Moving in Together Doesn’t Match the Financial Benefits of Marriage, but Why?
[3] APA PsycNet: Pooling Finances and Relationship Satisfaction
[4] Creditcards.com, Jan. 27, 2022: 32% of Coupled U.S. Adults Have Cheated on Their Partners Financially
[5] Creditcards.com, Jan. 27, 2022: 32% of Coupled U.S. Adults Have Cheated on Their Partners Financially

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## Tips for strengthening financial compatibility

Money is a common cause of stress in relationships, but the American Institute of CPAs (AICPA) has some tips to help reduce the chances of financial tension between couples[6]:

- **Start a conversation early in your relationship.** Keep it simple. Talk about debt, any specific financial goals, and your money habits. Your early conversations should also include discussing how your respective families handled money while you were growing up. Also, do you have any money quirks?
- **Share financial facts.** Discuss your income and assets, and avoid being judgmental—because you're a team. Talk about whether to combine your financial assets, or keep some independent accounts (especially if one of you has kids). If you combine finances, talk about any ground rules, such as limits on how much can be spent for personal items.
- **Establish a joint spending and saving plan.** A simple joint budget that you work on together is a good place to start. Add up your monthly income (after taxes) and your anticipated expenses. Refine it together as needed. Also, check to see if you can save money by combining certain accounts, such as insurance.
- **Set short-term and long-term priorities.** Do you want to buy a new house, wipe out debt, plan your trip of a lifetime? Talk about your priorities and goals—and set joint goals.
- **Set dates for goals and checking in with each other.** Also, have a conversation about which of you should be the primary bookkeeper, paying bills and ensuring no account is at risk of becoming overdrawn. Keep the conversations going, and review your budget regularly, making adjustments as needed.

Like all plans, some adjustments may be needed. Don't be afraid to ask for help and advice from your CPA or financial advisor if you need more guidance.

[6] 360degrees of Financial Literacy, American Institute of CPAs: Love & Money: 5 Steps to Help Couples Strengthen Financial Compatibility