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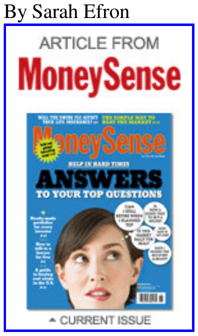
Banking

Banking: Joint account jitters

A shared bank account is a big milestone in a relationship. Make sure you're ready -- or you could be headed for trouble.

By Sarah Efron



Claire Filafilo thought she knew Darrell pretty well. After all, she had lived with him for a year and a half, and they were getting married soon. But Claire admits she was still nervous about opening up their first joint account. “I decided it would be easier if we had a joint account, but I had concerns,” says Claire, who lives in New Westminster, B.C. “Darrell wasn’t that great with money. I wanted to ensure I could pay the bills on time.”

A joint account is a big step on the journey from two separate lives to living as one. Getting one shows you are committed and trust each other. Practically speaking, it can simplify paying expenses and help you accumulate money for common goals. Plus, if one person passes away, an account set up with right of survivorship means the surviving partner can access the funds without going through probate. But giving up sole control of your finances can be tough to do. So before you move forward, you should have some serious discussions with your mate.

First, you should make sure you and your partner see eye-to-eye about your overall financial goals, says Karin Mizgala, a fee-only financial planner who sees couples in British Columbia. “Often the woman wants to get a plan in place for kids and a house, but the man hasn’t been terribly on top of his finances. She tries to initiate some conversations, and there’s resistance. Those are alarm bells that a lot of women just ignore.”

If you find you really don’t trust your partner, it may be a sign of a deeper problem. “You have to take a chance in any relationship,” says financial consultant and author Ruth Hayden, “but if you’re worried about protecting yourself from your partner, for goodness sake, don’t make a commitment yet. Something’s off.” If that’s the case, you may want to slow down, and address the underlying trust issues first.

If you decide to go forward, it’s fine to ease into it. Couples can start by using the joint account for smaller expenses, such as restaurant meals and groceries, then gradually expand its use to include all of the common epenses, including rent or mortgage payments.

The best strategy is for each person to keep their individual bank accounts in addition to one common joint account. Mizgala recommends that couples have their paycheques deposited into the joint account, and determine a fixed amount — say $500 a month — that will be automatically transferred into each partner’s personal account to spend as they like.

“That’s your money and your husband or wife can’t make any comments about what you spend it on,” Mizgala says. “If she wants to spend it on spas and magazines, he has no say. If he wants to buy a colour TV or something she may not approve of, she can’t say anything. There’s no guilt.”

In the end, Claire and Darrell Filafilo found that having a joint account worked out just fine. “I knew exactly when money was coming in, and I was able to have better control of everything through the central account,” says Claire. Today, 14 years after they got married, they still share the same account.