Wealth Wellness

Three Hills
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The Pros & Cons of Joint Checking Accounts

If you're about to move in with a significant other or just got married, you may be wondering if you should merge your checking accounts. After all, it may seem easier than dividing up expenses and writing out separate checks.

Here's What You Should Know Before You Make This Important Financial Decision

PROS

✓ **Convenience:** Having a joint checking account makes it easier to pay for expenses and bills. Both partners are aware of how much money is available, and they can tackle bills efficiently instead of constantly shuffling money from one account to another.

✓ **Easy To Keep Track of Bills:** With a single checking account, it's easy to see which bills have been paid and which have not. It also streamlines the process since either partner can pay the bills when they're due.

✓ **Reduces Fees:** Some checking accounts require you have a minimum balance in order to avoid maintenance or overdraft fees. By having one joint account, you can reduce fees.

*Reach out to LJTC to determine how property ownership works in the state or country you live in. For example, California is a community property state, meaning that anything considered community property equally belongs to each spouse, regardless of which spouse acquired the assets, property, or income. Prenuptial agreements can be used to avoid certain aspects of community property ownership.

CONS

✗ **Potential Fights About Money:** Since both of you will share the account, you and your partner may feel like you need to discuss everything you buy and justify your spending.

✗ **Highlights Different Spending Styles:** It can be very challenging to make joint accounts work if you and your partner have different spending styles. If you like to save and your partner likes to spend, set some spending boundaries. That way you'll discuss large purchases before making them.

✗ **No Privacy:** Joint accounts mean that all your transactions are completely transparent. While this can be a good thing for many reasons, it also makes it harder to purchase gifts for the other person or personal items you may wish to keep private.

✗ **Difficult to Separate:** If you and your partner part ways later on, it can be difficult to separate your finances*. Also, since each person has equal access to the account, either has the right to withdraw funds and close the account at any time without the other person's consent.