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# The Benefits and Risks of Joint Checking Accounts



By David Rodeck Updated: Jun 19, 2020



These days, getting married isn't an automatic part of life for many serious couples.

According to the U.S. Census, over 12 percent of couples are unmarried and this doesn't even include serious couples who weren't living together.

If you're in this kind of relationship, managing money can get a little tricky.

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While you and your partner might be as close as a married couple, you don't have the same legal responsibilities to each other.

If you're thinking of merging finances with your partner and possibly opening a joint checking account or credit card, you need to spend more time thinking about this decision so you don't hurt your financial plan or your relationship.

## Benefits of a Joint Account

A **joint bank account** or credit card can have some helpful benefits.

It can help simplify your household bills rather than forcing you to coordinate multiple accounts and chase each other down for payment.

Beyond that:

If you or your partner don't have the strongest credit score, the other person can co-sign a shared credit card.

That will help the person with the weaker score qualify, plus give them a way to improve their score by making their monthly payments.

Beyond the financial benefits, some couples see a joint account as a way of strengthening their relationship. It's a way for them to show they trust each other and are committed to share long-term goals.

However, shared accounts do come with risks as well.

When you share an account, you are giving your partner equal access to your finances.

With a shared bank account, they could spend your money. With a joint credit card, if your partner misses any payments, it will hurt your credit score just as badly.

## Considerations Before Setting Up a Joint Account

Opening up a joint bank or credit account is a pretty significant commitment and you first need to figure out if it's something you're comfortable with.

There are a few questions you should ask yourself. Does your spouse have steady income or any income at all?

If you're both earning money, it can take some of the pressure off of opening a joint checking account with your boyfriend or girlfriend.

### **Is your partner generally reliable with money?**

More importantly, do you trust them with your money?

If after considering these questions, you still feel comfortable opening up an account, you should then have a talk with your partner about how the two of you would manage that account.

### **How much of your financial plans do you want to combine?**

Do you want to put all your money in one shared account or would you rather keep some money separate?

Splitting accounts can be a practical strategy. You use a joint bank or credit account to pay shared bills while using your personal accounts to handle other spending.

### **Who will be in charge of managing the accounts?**

Do you both want equal control over bills or is one person more responsible with money than the other?

If only one of you is in charge, you should still discuss your shared financial situation every month so both of you are in the loop and avoid surprises.

Finally, you should decide what type of account you want to open. This isn't a small decision because there are so many options out there.

For credit cards, do you want a no-frills program or a more expensive one with more rewards? For a bank account, what kind of features do you want (checks, high-interest, lots of nearby ATMs, etc.?)

Take a little time to research and find the best bank to open a joint checking account.

Going through this entire thought process and conversation will take some time, but it will make sure that opening a joint account is the right move.

## **Keeping Track of Accounts**

If you decide to open a joint account, the best way to make sure everything goes smoothly is to keep track of your accounts.

Set up online access to your bank account and credit card so you can watch transactions throughout the month. It also helps to set up budgeting [software like Mint](#).

By setting up accounts for you and your partner, you can schedule alerts for whenever transaction go through. This is another way for both of you to see what's going on.

## Alternatives

It's possible that after considering the situation you might decide that opening a joint checking account or credit card isn't right for you -- and that's okay.

There are alternatives that give many of the same benefits while minimizing your risk. **Online banking** and programs like Mint make it much easier to transfer money back and forth while keeping track of shared bills.

There are also a number of great apps which can link up your bank account with your partner's so you can pay shared bills.

These alternatives can be a way for you to take a step towards merging finances without the full commitment of a joint account.

There's no one right way to manage money as a couple and that includes the decision to open a joint account.

By following the thought process and advice in this guide, you and your partner will be able to figure out what works best for your life while putting together a plan for everything to go smoothly.

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David is a Certified Financial Planner who writes about financial planning, investing and taxes.