



FAMILY SERVICES OTTAWA  
SERVICES À LA FAMILLE OTTAWA



# Protecting Your Finances IN A RELATIONSHIP



## **YOU DON'T NEED TO GIVE UP YOUR FINANCIAL INDEPENDENCE WHEN YOU BEGIN A RELATIONSHIP.**

It is important that you and your partner are on the same page in terms of your financial philosophy, if not, it can place a huge strain on any relationship.

**Here are some tips to help you keep your financial independence while in a relationship.**



# SEPERATE ACCOUNTS

**Keeping a separate bank account or having your finances separate from your partner's finances can be a great way to maintain control and autonomy over your finances.**

This helps to avoid losing yourself and your dreams. Keeping finances separate or having just one account that is yours alone can help you to have some autonomy and independence.

## HOW TO MANAGE SEPARATE ACCOUNTS

**Here are three ways you can organize your finances if you are in a common-law relationship or a marriage:**

**1** **Have a joint account where both pay cheques are deposited.** All combined expenses (including debt repayments) and combined savings are paid from this account. What is left is then transferred to each partner's separate account for them to use for their personal savings and expenses.

**2** **Each partners' pay cheque goes to their individual bank accounts, and then they transfer an amount to a joint account in both their names.**

*E.g. if joint combined expenses total \$5,000, they each transfer \$2,500\*. Remaining funds are kept in individual accounts for personal debts, savings and expenses.*

**3** **Each partner keeps their separate accounts and pays expenses from there.** If this is the way you prefer to go, you should agree in advance who is responsible for each bill.

*E.g. who will pay the electricity bill and who will pay for groceries. If both of you will be doing the groceries, who keeps track of how much is being spent?*

**A 50/50 split may not always work, especially if there's a large difference in incomes.**

For example, one spouse works for \$30,000 and the other works for \$60,000. In this case, the couple may decide to use a ratio that is more realistic and fair for their situation.



# FINANCIAL DISCUSSIONS

Discussing finances and planning together can help protect not only your finances but your future. Setting goals and planning together can avoid nasty surprises down the road. Ideally, this habit will begin at the start of a new relationship, but it is never too late to start!

## DISCUSSION TOPICS TO CONSIDER

### SAVINGS

- What are your savings goals and how are you going to save? Does one partner have significant savings prior to the relationship? What is the money for and who can use it?
- Do you and or partner have an emergency fund? Whether you have a joint account or separate accounts, planning for an emergency means you have the resources to handle a problem when it arises. An emergency fund helps protect your other savings and assets and avoids going into debt to handle an unexpected expense.
- Do you and your partner have retirement savings or a pension? The answer to this question will determine how you spend your senior years and how you spend your working years.

### SPENDING HABITS

- Is your partner someone who finds it difficult to hold onto money? Are you? What is your philosophy behind money? Is it to be saved or spent?
- Knowing your partner's spending habits can help you set goals as a couple and identify areas where they might need help.

### HOUSEHOLD INCOME AND EXPENSES

- Before moving in together, or before changing your living arrangements such as buying a house or renting a larger apartment, discuss how you are going to share the household expenses. Will you share combined household expenses 50/50?
- If one partner earns more than the other, how will you handle this? In this situation, splitting household expenses 50/50, may not be the best way, as it will not be fair and affordable for the lower-income earner.



## DEBT / CREDIT

- Do you or your partner carry debt from before your relationship?
- Who's responsible to pay that debt back and what is the plan for that to happen?
- Review your credit reports together so you are both aware of your credit history.
- How does your partner handle credit? Is it paid on time and in full?
- It is important to ask questions about how your partner handled debt in the past. Have they had to seek debt repayment assistance such as consumer proposals or consolidation loans?



### SET TIME ASIDE TO TALK ABOUT MONEY

- Set aside 15-30 minutes a month to pay bills or have a conversation about money.
- Remember to be patient and to be aware of how frightening and intimidating this might be for your partner. Also, this is not the time for judgement, and neither is this the time to cast blame. This is an intimate time and a safe space, set aside for you both to open up and freely talk about money.

This list doesn't cover everything that couples need to talk about, but it is a good place to start. There may be some things that you are on the same page about, and other things that require more conversations. Whatever it is, remember that you are in control of your finances and someone who loves you, will not want you to do anything to compromise that.

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