



# Sharing Expenses as a Couple: What Approach to Take?

**Money is one of the main sources of disagreement between couples. To prevent your finances from souring your romantic relationship, the best thing you can do is implement a solution that works for both of you.**

## **Split Down the Middle**

Each person paying their half of household expenses is certainly the easiest way to proceed. But it's only fair if the income of both partners is comparable.

Is this your situation? If so, you could opt for one of the following approaches:

### **1. Split everything 50%, using a joint account**

The first approach consists of paying half of every bill.

The simplest way of doing this is to open a joint bank account in which each person transfers their half of the family budget every month from their own personal account.

The joint account is then used to pay for the rent or mortgage, insurance or other household bills. For purchases like groceries and nights out, sign up together for a joint credit card and use funds from that same joint account to pay for the card's monthly balance.

This is the approach preferred by Desislava Georgieva, Personal Finances and Small Businesses Advisor at National Bank.

▶ “This way, the two spouses ensure that the money needed to cover the month's shared expenses are in the account at the times they're needed,” she explains.

Any remaining earnings are there for each person to do with as they choose.

### **2. Sharing by type of expenses**

Other couples, on the other hand, prefer to divide expense items. One takes care of insurance and the kids' activities, while the other uses their personal credit card for their clothing and car-related expenses, for example.

This is an equally viable way of doing things, but it requires a bit more calculation so that an equal amount of expenses is covered by each spouse.

## Contribute in proportion to your salary

Is there a significant salary gap between you and your spouse? The distribution of expenses could be more balanced if each person's financial contribution is proportional to their income.

The equation is simple: you just have to calculate what percentage of total household income is earned by each person, then apply this percentage to the total monthly budget. You thus end up with a share of expenditures that's suitable to each person.

Let's take a specific case: one of the spouses earns \$75,000 per year and the other \$25,000. The monthly household budget is to \$5,000. How do you allocate expenses? The spouse who earns \$75,000 transfers \$3,750 to the joint account (or 75% of \$5,000). The other transfers the remaining \$1,250 (25% of \$5,000). Thus, each partner is contributing to shared expenses in relation to his or her financial capacity.

## Sharing by type of bill: Avoid the trap

If you choose to split your expenses (regardless of the budget), be careful about the type of costs assumed by each person. Because if one of the spouses takes care of the more tangible expenses – kitchen appliances, for example – and the other pays for groceries, the latter runs the risk of being penalized in the event of divorce.

To avoid this problem, Ms. Georgieva suggests dividing important expenses in two (like furniture) and to co-sign loans taken out for a home or vehicle.

- “This way, the two spouses are 100% responsible for the loan, but half of the property belongs to each of them,” emphasizes the advisor.

## Unstable income: Think about an emergency fund

Does your income fluctuate? Take advantage of money-earning months to save. You can then draw from this reserve to cover your expenses during slow months. “Seasonal workers should build up an emergency fund equal to three months' salary,” estimates Ms. Georgieva.

The advisor also suggests reviewing each person's contribution two or three times per year to ensure that it matches the financial capabilities of both partners.

Her last bit of advice to promote financial harmony in a relationship:

- “Keep track of your spending, but also be generous with each other. This can really help avoid disagreements and misunderstandings!”

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