

When To Open A Joint Bank Account

Money can be a sensitive subject for couples, but it's one that should be addressed. Whether you're a newlywed or in a long-term relationship, deciding how to manage your bank accounts should be a top priority.

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A joint bank account is a powerful financial tool for a wide range of scenarios. Following are a few guidelines that may help you determine if sharing an account is the right decision for you.

Advantages of a Joint Bank Account

- Couples can pool their resources in a joint account to save money toward a common goal.
- You will not have to determine who is responsible for paying a specific bill like utilities, rent, or a mortgage since your money comes from the same account.
- It will be easier to plan for the future since you will have a better grasp of each other's finances and spending habits.

Disadvantages of a Joint Bank Account

- You will both have access to the funds within the account and may spend it without the other person's knowledge – it could be more difficult to track income and expenses and could lead to overspending.
- If one account holder mismanages funds, the other account holders are liable. Creditors also can come after funds in a joint account to satisfy one account holder's debts, regardless of who deposited the funds in the account.
- In households where incomes between partners differ, one account holder could feel they're contributing more or less. Without a good pattern of communication about financial issues, this could lead to arguments.
- With joint accounts, all account holders can see every transaction in the account. This might create a level of visibility that makes one or both potential account holders uncomfortable

How to Make a Decision

As you weigh whether a joint bank account might be right for you, have a candid conversation about finances with your partner. All account holders should agree to the broad terms, like how the money will be used and who's responsible for paying which expenses with the account.

You also may want to agree on regular intervals to review your shared finances. Having a schedule can play a crucial role in reminding all account holders that each has a say and helping head off financial complications before they become unmanageable.

You may find that a joint bank account is a part of your financial plan

that you use in conjunction with individual accounts. For example, couples might choose to pay expenses like housing and utilities out of a joint account, while still preferring to pay for their own expenses out of individual accounts.

Managing Your Finances Together

As you decide whether a joint account is a fit for you and your scenario, remember to keep conversations with account holders open and honest. Trust is the most valuable asset you'll ever invest in a joint financial account.

To learn more about how PlainsCapital Bank can help you with finances as a couple, call us at 866.303.0557 or visit your local bank branch today.