For richer, for poorer

Combine your assets with the one you love and you're well and truly hitched. Finance Editor Susanna Stuart on saying "I do" to a merger

YOU'VE MET THE perfect man and you're ready to commit. But if you're thinking of hitching yourself financially to the one you love, first be aware of the advantages and the pitfalls.

Combined assets might suit a young couple with no kids and few assets, as you're starting out with a blank canvas. But other couples, like those who have come out of another relationship, may find it pays to keep their assets separate.

You first need to think about your partner's money personality. Is he good at budgeting or always broke by next pay day? If you're financially incompatible, there's a big advantage in keeping your money affairs quarantined from each other. Even if you think you're compatible, consider these key questions:

- How will your assets be owned? Will they be owned jointly, where you share equally and your partner inherits everything? Or will it be joint tenants in common, which allows for unequal ownership and your will decides who inherits? This may apply where children of a previous relationship are involved.
- Wills and insurance policies should be updated to ensure new arrangements are adhered to in sickness, and in death.
- Plan your day-to-day saving/spending.

For young couples with no assets, joint ownership makes sense. But those who bring in half a lifetime of assets and treasured possessions might need a property relationship agreement to keep things clear. Or you can protect your assets by transferring them into a trust.

It's also important to decide who will be the beneficiaries of your wills and you should update your life insurance policies to ensure appropriate cover for the new relationship or household.

But the real impact of merger comes in your daily affairs. Will your incomes go into one pot or stay separate? How much will you save each month? How much independent spending money should you each have? An equitable solution is a joint household account, where you contribute equally. You can set up auto-payments to other special accounts, and then look at your joint financial goals – for example, saving for a house deposit.

Prioritise your spending, draw up a budget and decide who will be in charge of day-to-day transactions (one partner may be better at keeping track of bills).

Finally, it's important to each keep a separate account for personal spending. Give each other an allowance – and don't over-restrict each other!

Merging your assets can be convenient. More important, it means you really are hitched: For richer, for poorer. N

See Discover Your Money Personality, page 60.

Tips for a happy merger

1 Discuss the pros and cons of merger.
2 Understand each other's money personality.
3 Honest communication is vital.
4 Have common goals.
5 Set personal spending amounts.
6 Always discuss what debt you are prepared to take on together.
7 Draw up a financial plan if your situation is complex.

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