

MONEY (/MONEY/) **Living on a Budget**



Financial Tips for Unmarried Couples

Before you decide to move in together, you'll need to talk finances

by Joan Rattner Heilman, [AARP Bulletin \(/bulletin/\)](#) | Comments: 7

[En español \(http://www.aarp.org/espanol/dinero/presupuesto-y-ahorro/info-01-2012/consejos-financieros-para-parejas-que-no-estén-casadas.html\)](http://www.aarp.org/espanol/dinero/presupuesto-y-ahorro/info-01-2012/consejos-financieros-para-parejas-que-no-estén-casadas.html) | Once considered scandalous, living together hardly raises an eyebrow anymore, even when it's Grandma doing it.

"I knew I wanted to share the rest of my life with him," says Julie Lopp, 74, who has lived with Don Bushnell, 85, for 14 years. "We love one another but we don't need to get married." The Santa Barbara, Calif., couple had both been married before, and both have two grown children.

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Just like young couples, older people have a mix of incentives for setting up housekeeping in tandem. Mutual attraction (</relationships/love-sex/info-12-2011/love-sex-books-pepper-schwartz.html>), of course tops the list, but finances are often another driving force and can lead to complications down the road.

So before you take the leap:

Love and Money

Money matters for the unmarried. **Read** (</money/estate-planning/info-05-2011/money-matters-for-the-unmarried.html>)

10 things you should know about writing a will. **Read** (</money/estate-planning/info-09-2010/ten-things-you-should-know-about-writing-a-will.html>)

Can I collect benefits from my ex-husband? [Read \(/work/social-security/info-02-2011/social-security-mailbox-benefits-and-exspouse.html\)](/work/social-security/info-02-2011/social-security-mailbox-benefits-and-exspouse.html)

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1. Document your arrangement on paper. “Don’t go into it without a written cohabitation agreement, much like a ‘pre-nup,’ ” says Daniel Timins, a certified financial planner and estate-planning attorney in White Plains, N.Y. This is especially important, he says, to protect the interests of your children or other kin.

Best drawn up by a lawyer and notarized, the agreement should spell out financial responsibilities — such as who pays what portion of the household expenses, how assets and debts will be divided if you break up, and who gets the deductions for mortgage interest and property taxes.

2. Update your wills. An unmarried partner does not automatically inherit the other’s estate, so if you want that to happen, you must change your [will \(/money/estate-planning/info-03-2011/cost-effective-wills.html\)](/money/estate-planning/info-03-2011/cost-effective-wills.html) accordingly. You can also name your partner as the beneficiary of your retirement funds and life insurance policies. Before you do this, however, make very sure that “your relationship has been thoroughly tested,” says Timins.



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Make the right financial decisions before moving in together.

3. Keep assets separate. At least in the beginning, do this to avoid disputes later, says Timins. This is a particular concern for older people, who tend to have more assets than younger singles. Maintain your own checking and savings accounts, credit cards, car payments, memberships, etc.

4. Decide who'll own. If you buy a house together, consider what will be the effects if just one or both of you are on the title. If just one is there, that person is the legal owner of the property. The other, who may have contributed half of the mortgage payments, owns nothing and may get just that at the end of a relationship.

If one of you moves into the other's home, the person on the title owns the property at the end of the relationship, no matter who pays what portion of the bills.

As for a mortgage, if you take one out jointly, you'll both be responsible for paying it whether you continue to live together or not. If one of you stops, the other will be on the hook for the full amount. Because these matters are complicated and vital, always consult an expert before acting.

5. Get your health care papers in order. If you're older, health care concerns loom larger. You'll have no legal right to make medical decisions for a partner who becomes incapacitated. You may even be denied visitation rights at the hospital.

To avoid this situation, you can each sign a health medical release to allow the other to see medical information. A health-care proxy will allow you to make health care decisions on the other's behalf.

6. Think power of attorney. If you're certain you'll be together till death do you part, you may want to sign durable [power-of-attorney \(/relationships/caregiving-resource-center/info-08-2010/lfm_managing_someone_elses_money.html\)](/relationships/caregiving-resource-center/info-08-2010/lfm_managing_someone_elses_money.html), documents conferring rights to make one another's financial decisions and to have access to bank accounts if necessary.

Keep in mind that you may want to limit some of your partner's ability to manage your funds, especially regarding the possible transfer of your funds to his or her accounts.

7. Act quickly if things go sour. Finally, advises Timins, "If your predictions for the future don't work out and you do part company, make haste to change all of the above!"

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