balance

HOW TO KEEP FINANCES STRAIGHT (WITHOUT DRIVING EACH OTHER CRAZY)

By Nicole Sforza

Sharing your space—whether it's with a boyfriend, an aging parent, or a college-grad kid—brings with it a pile of money-related questions. How should finances be handled? Who pays what, and why? Follow these strategies for navigating three potentially fraught situations.

Photographs by Corey Olsen

"When everyone has contributed to the best of their abilities, the outcome is gratifying."

"My boyfriend and I are moving in together—yay! Should we split all the finances?"

Some choose to keep accounts separate, while others have a joint account—and it's a personal preference. But if you decide to go joint, take precautions. "Keep only the amount you need for rent, utilities, and other shared expenses in that account," says Erin Lowry, author of *Broke Millennial: Stop Scraping By and Get Your Financial Life Together*. "No one wants to think about it, but if you go through a nasty breakup, your partner can drain the account." If one of you makes more than the other, have an open conversation about what feels right. In Lowry's case, she and her boyfriend split the rent and groceries down the middle, even though she outearns him—and he eats a lot more. "It just feels like more hassle than it's worth to break down the receipt," she says. An alternative is to divvy up expenses by percentage of income. To figure out who owes what, head to countcalculate.com and search for "split payment." If one person owns the home, it might make sense for the other to help cover part of the mortgage or pay for utilities. But it's case by case. Maybe the nonhomeowner has debt, and the homeowner doesn't want to worsen it—or wants to help the partner reduce it. Problems can arise when one person starts slacking, financially speaking. There needs to be an immediate conversation, says Lowry: "Don't be accusatory off the bat, but bring up missed financial responsibilities and see if there's a deeper underlying issue." Did your boyfriend lose work and not tell you? Does he have debt you didn't know about? Is this common for him? Getting honest answers to these tough questions will clue you in to your shared financial future.

"My elderly mother is moving in with our family. What should she pay for, if anything?"

If your mom is comfortable financially, contributing to household expenses can be empowering. "It can help her feel like she's truly involved and can carry her own weight," says Ann Meyerson, PhD, a transition counselor and real estate agent in Boca Raton, Florida, who specializes in helping seniors and their families. Often, though, adult children don't want their parents to open their wallet. That was the case for one of Meyerson's clients, who was frustrated when she wasn't "allowed" to contribute. So she set up a college fund for her granddaughters instead. If you'd like financial help but your mom doesn't have the means, she can assist with cleaning, childcare, or meal prep and use retirement funds and Social Security benefits to cover things like personal expenses and activities. Whatever you decide, make sure these issues are addressed in a practical, nonemotional way before the move. "Clear communication makes for a comfortable multigenerational living situation," says Meyerson. "When everyone has contributed to the best of their abilities, the outcome is gratifying, and the transition can serve as a model for future generations."

"My son moved home after college. Should I charge rent? Or give a deadline to move out?"

It's a good idea to charge rent—but instead of pocketing it, put the money toward an IRA for your son, says Christopher Carosa, a financial expert and the author of *Hey! What's My Number? How to Increase the Odds You Will Retire in Comfort*. That way, you'll be teaching him to save and understand the value of interest. Your son should also pay for expenses like transportation to and from work and discretionary meals and entertainment. As for a move-out deadline, rather than picking some arbitrary time period, frame it in terms of measurable financial objectives, says Carosa: Maybe you decide to let your kid stay at home until he reduces his school loan by half. Launch adult children right by giving them specific responsibilities and some modest money goals. "In our family, we have a tradition where, upon receiving your first full-time paycheck and after every raise, you treat the family to a nice meal," says Carosa. "Including personal *and* family-related goals reinforces the idea that financial independence means supporting others, not just yourself."