

Money

# The financial pitfalls of unmarried couples

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By [Brette Sember](#)

Millennial couples don't get married—at least not as often as previous generations did. They move in together. The [marriage rate](#) has been plummeting in recent years. Living together has become the alternative, and according to a [new survey](#), half of millennials share a bank account and 36% share a credit card with a partner to whom they are not married.

Contrast this with baby boomers, two-thirds of whom had no bank account at all before marrying. Millennials are creating life partnerships outside of marriage, and sharing a home and finances in a way no other generation has done before.

The trend of shacking up instead of, or at least before, marriage is likely one reason [divorce rates](#) are falling. Millennial couples have the time to find out if they are compatible and if they really want to spend the rest of their lives together. When those couples break up there are no lawyers and no divorce.

Sounds easier and less expensive, right? In fact, the lack of a clear legal process can make it very challenging for an unmarried couple to untangle the financial threads they have woven together.

## No divorce, no problem?

Unlike divorce, where there are clear-cut court procedures for separating joint assets, the financial disentanglement of an unmarried relationship is comparatively murky. The best plan is to try and work out a fair settlement on your own.

Mediation, which is often used in divorce, can be a great way to get some help sorting things out. Unmarried couples with children can access family court for custody and child support, but there is no alimony available for unmarried partners, and no [community property](#) or equitable distribution.

“[Palimony](#),” which made big news in the 1970s, is law in some states, providing ongoing support after a breakup, but only when the couple has an agreement (written or unwritten) that one will support the other. And common-law marriage, which is legal in a few states, exists only if you live together—often for 10 years or more—and hold each other out as spouses (for example, referring to each other as spouses when talking to others).

## Partitioning problems

If you can't agree on how to split up everything, you're left with having to file an [action for partition](#), which is like dividing up the assets of a jointly owned business. Regular civil courts are not trained or set up to handle these kinds of domestic disputes with the same sensitivity and nuance as family courts. Common law applies to property at a breakup like this: each person leaves with what they brought in.

As for items acquired jointly, courts may try to figure out who paid for what and divide them in that way. But most courts don't have the time for such detailed unraveling, and so assets are often divided 50/50. There is no consideration of financial need, contributions to the relationship, or a big picture analysis.

## Thinking ahead

With a little planning, much of this can be avoided. Before moving in with someone, sit down and plan out exactly how you will share expenses and who is going to get what if you break up. Write down your plan and sign it. A shared bank account you both contribute to makes sense for paying rent, groceries, and utilities, but it is wise to maintain separate accounts for everything else.

A joint credit card is an easy way to pay for joint expenses, if you use it only for that and pay for it out of your joint bank account. If you buy a home together, make sure both names are on the deed (as tenants in common or joint tenants with right of survivorship). And be sure to have wills leaving joint property to each other.

Living together can be simpler than getting married if you plan ahead have a clear agreement for yours, mine, and ours.

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