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The biggest money mistakes couples make

by Kimberly Palmer, U.S.News

Managing your own money is hard enough; add another person to the equation and it becomes an obstacle course: Does it make sense to combine bank accounts after moving in together? Should you pay off your credit card debt before getting married? Does the higher earner need to cover more of the bills?

Here are six common mistakes that couples make with their money - and how to avoid them, adapted from the new book Generation Earn: The Young Professional's Guide to Spending, Investing, and Giving Back.

Not talking about finances

Sure, discussing who pays for what and how much debt each person brings into the relationship is awkward - but also necessary. Before moving in together, talk about how you plan to share household expenses, whether the person with the higher salary will contribute more, how much credit card debt you have, and how you plan to share big-ticket items like cars. Also, take time to map out the logistics: Will you pay bills out of one shared bank account? Or keep all your money separate?

Don't forget to bring up your long-term goals, too, which can make the discussion a little more romantic. Do you want to swim with dolphins in the Bahamas? Or backpack around Europe together? Agreeing on common goals makes it easier to save.

Combining accounts too early

Putting all your money into one account might be the more romantic option (and prevent any debate over who picks up the tab at dinner), but it can also cause major problems in the event of a breakup. Couples who live together without first walking down the aisle face financial vulnerabilities with joint accounts that married couples don't.

Investments in shared assets, such as a home or car, can be lost during a messy breakup if only one person's name is on the title. Money or labor that went into redoing a former partner's kitchen may never be recouped. And while details vary by state, even assets such as joint savings accounts can go to the person who is first to make the withdrawal. Legalities aside, a lot of couples say they like the independence of having two accounts anyway, at least before they decide they've found their permanent soul mate.

Sharing credit cards, real estate, and other types of debt

If you add your partner's name to the title of your home, then they own it, too - even if you paid for the down payment and mortgage.

"I see it happening too often - a couple gets together, says 'I love you, let's set up house and make this official'. . . and then (one person) signs away half of their equity," says Sheryl Garrett, a certified financial planner based in Shawnee Mission, Kansas, and author of Money Without Matrimony. Couples also need to talk about who would get the first opportunity to purchase the house if they were to break up, at what price would they sell it, and how many days they would have to refinance the mortgage in their own name.

Signing on to someone's car loan or credit card can create similar problems. If you break-up and the other person fails to make their payments, then you're on the hook, too. Even if you've long gotten over the relationship, your credit might feel the after-effects for years.

Ignoring the risk of a break-up

Talking about how you would split things up if you decided to go your separate ways can prevent bad surprises later. Unless children or major assets are involved, there's usually no need to hire a lawyer. In fact, you can just write down the answers to these questions along with any others that apply: Who would stay in the apartment? Who would get the cats? The car? If you want to formalize the process, you can pay a nominal fee to download forms, such as a living-together guide and contract, at nolo.com.

Since unmarried couples don't get to argue their case in divorce court, it could be your only protection in place if things go south. (The legal ramifications of common-law marriages, civil unions, and domestic partnerships vary by state.) Couples might also want to consider talking about any debts, past bankruptcy filings, and credit report problems, because even if you're not legally liable for your girlfriend's $50,000 student loan, it could end up affecting your quality of life if 10 percent of the household income goes toward paying it off each month.

Putting one person in charge of money

It's normal to specialize in relationships - to delegate dinner planning to the best cook, and gardening to the one with a green thumb. But giving one person all of the money management responsibility can lead to an unbalanced relationship.

New York-based relationship therapist Bonnie Eaker Weil explains that no one should ever feel like he or she has to ask permission before buying something. "I call it 'Mother, may I?' You don't want to get into that position where you're the little girl, or you're the little boy, and the other person is your parents.

You want to have your own money, and certain things are guilt-free, and you just do what you want with it. If you want to buy a latte, or lipstick, or a facial, you do not have to ask permission, because it's your own money," says Weil. Plus, in the event of a break-up, you want to make sure you know where all your money is and how to manage it.