

Set Up a Household Budget



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A household budget is designed to only cover the expenses in the household. You may do a household budget with your boyfriend or girlfriend when you move in together. Until you get married, you should [keep the majority of your expenses separate](#) to protect yourself in the event that you split up. You do not receive the same protection under the law if you are not married, so you need to provide protection for yourself in case this would happen.



1. Determine the Expenses You Will Share

First you need to determine the expenses that you will share as part of the household. Generally you will need to split the rent, utilities, and basic groceries. If you have pets you may include the pet care in the household budget. As a couple you need to sit down together and come to a mutual understanding on what you think should be covered under household expenses. You should have a small household emergency fund of \$1,000 to cover emergency expenses. You will need to agree on the amount of rent you are willing to pay together.

2. Set Your Contribution Amount

Some people would say that you should each submit fifty percent of the household expenses to the budget, since you are living together and splitting the costs, but this is not the best way to do this. Often one person makes more than another person, and fifty percent of the expenses may be crippling to the person who makes less money. Contributing the same percentage of your income is a better way to handle it. This way you both can contribute to your retirement and cover your other expenses without being crippled by your monthly contribution amounts.

3. Figure Out Your Contribution Amount

To determine how much you each contribute you should add together your gross pay amounts and total your household budget. Then divide your gross pay by your household budget. The percentage that you get is the percentage you should each contribute. For example if you make \$6000 a month and your partner makes \$4000 and your household budget amount is \$2500 a month, then you will add \$6000 and \$4000. You will divide the budget of \$2500 by \$10000 to get a percentage of twenty five percent. You will contribute \$1500 and your partner will contribute \$1000 for a total of \$2500.

4. Open a Separate Checking Account

You should open a separate [checking account](#) just for your household expenses. You should both be signers on the account and have a set date where you make a deposit to that account to cover the monthly bills. Then you will pay for the expenses you have included in your household budget from that account. This will protect your other money if your partner makes poor financial decisions and make it easier to divide things up if you split up in the future. Covering all the household expenses with this account will prevent your from running up a credit card or dipping into your savings to cover

shared expenses. It will be best to have the [account at a different bank](#) from your original account.

5. Items You Are Responsible For

You should be responsible for paying for your own car, car insurance, and other expenses. You should purchase your own clothes, cover your haircuts, and personal care items. If you purchase meals out on your own or with friends without your partner you should pay for that with your own money. Additionally you need to contribute fifteen percent of your gross income to your [retirement](#). You are solely responsible for any loans or credit cards you have out. You will need to cover your own medical bills and insurance. You should also have your own emergency fund of at least six months of your expenses, including what you would contribute to your household account. You should [analyze your budget](#) to make sure it is in line with the proper percentages of spending and savings.

6. Budgeting the Rest of Your Income

You should have your own budget set up to control your incidental spending and to help you [get out of debt](#). This budget will help you stay on track for your retirement contributions and prevent you from getting into a bad financial situation. You can follow the normal budgeting rules when you set up this budget, but you should only cover items in this budget from your personal checking account. Make sure you don't [forget common budget categories](#). You may also want a category set aside for unexpected or irregular expenses like [attending a friend's wedding](#). You may want to do an [annual budget check](#) on this type of spending to make sure you are working towards reaching your financial goals. If you are working a commission only income, it is important to have a [commission budget plan](#) in place to help you manage these expenses each month. You can make this work by having [weekly budgeting meetings](#).

7. Keeping Expenses Separate

It is important that both of you keep your outside expenses separate from your household account. You should not buy something together until you are married, not just engaged. Purchasing a home or car together can make splitting up more difficult. If you want to save up for a down payment when you do get married, you can save separately and report your progress. Once you get married you should rework your budget together and include all of your expenses together. If you have children together and you are not married, you should include all childcare costs in the household budget, which includes formula, food, clothes, medical care and daycare costs. This will make it easier if you [split up due to a job transfer](#) for one partner. It will also allow you to focus on your own [budget weaknesses](#), rather than looking at the way your partner spends money.