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| **Marrying into Debt: Understand How It Will Impact Your Credit****What do you need to know when you have excellent credit, but your partner has significant debt? Here are some things for you to consider.**You’ve worked hard to establish a good credit score and may be concerned how your future spouse’s less-than-stellar credit will affect you. A lot depends on what actions you take after you tie the knot.**Getting married doesn’t immediately affect your credit.** You each keep your own pre-marriage credit scores and debts. You are not liable for your spouse’s pre-wedding debts. However, opening joint accounts and other actions can expose your credit score to your spouse’s actions. If you take on joint debt, you both will feel the impact of each other’s financial behavior.**When do you become jointly responsible for debt?** You and your spouse are both fully responsible when the two of you initiate joint credit card accounts, bank accounts, and loans. You’re also responsible if you cosign your spouse’s loans or add your spouse as an authorized user or joint account holder on your credit cards. Joint responsibility means that both your credit scores rise or fall due to your financial activity.**Community property states have different rules.** These states are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington, and Wisconsin. In these states, debt incurred during the marriage that benefits the marriage is joint debt for which you are both liable, even if only one spouse’s name appears on the debt. However, debt taken on by one spouse that benefits only one spouse will likely not be deemed joint debt.1**Some precautions you can consider.** A prenuptial agreement can protect you against your spouse’s incurred debt in case of divorce. You can also maintain separate credit and loan accounts. Joint mortgage applications incorporate both of your incomes and debts. If you can qualify on your income alone, you can consider taking the mortgage in your name only. If you subsequently divorce, you might be able to avoid refinancing or selling the house.**Debt isn’t romantic, but it can be a real concern.** Honest communication and clear-eyed planning can avoid many problems when you marry into debt. Please contact me to discuss your unique situation, preferably before your wedding. Together we can help you formulate a financial plan that takes your interests into account in the face of an uncertain future.

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| LET'S CONNECT |

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[1 https://www.nolo.com/legal-encyclopedia/debt-marriage-owe-spouse-debts-29572.html](https://www.nolo.com/legal-encyclopedia/debt-marriage-owe-spouse-debts-29572.html) |

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