Dear Alice,

My boyfriend is filing for bankruptcy and I'm a little bit worried as to how it is going to affect our relationship in the future.

Answer

Dear Reader,

They say that money makes the world go 'round, but it can also bring some relationships to a screeching halt. It's smart of you to be proactive in thinking about how your partner's bankruptcy could affect your relationship, both now and in the future. As you might guess, money is actually one of the most common reasons that couples fight or break up. In addition to causing some emotional strain and stress on your relationship, your beau's bankruptcy might actually impact your own financial future, depending on how closely your finances are linked to one another. For instance, if you plan to get married, his credit score could affect your ability to get loans together. Although these financial struggles are probably tough on the two of you, it may also be a good opportunity to start sorting out your and your boyfriend's values and attitudes when it comes to money.

To put it in the language of romance, bankruptcy is the financial world's version of 'tough love': the main idea is to help people who are unable to pay debts get back on track, but those who file do face some serious financial consequences that are worth keeping in mind:

- First, his bankruptcy will stay on his credit report for seven to ten years, which can negatively impact his ability to get new lines of credit or to apply for jobs.
- If you two decide to get married, there's good news and bad news: your credit will not be affected by his bankruptcy (you'll each have an independent credit score), but if you apply for anything jointly ? like a house ? the creditor will consider both of your histories. The fact that he filed for bankruptcy could dissuade creditors from granting you a major loan together.
- Finally, it's good to keep in mind that if you co-signed on any loans with him before he filed for bankruptcy, you could still be responsible for part or all of that loan.

There's a silver lining to all of this, though: with consistent payments, your boyfriend will eventually be able to rebuild his credit. As you may know, there are several different types of bankruptcy...
Depending on his circumstances, understanding one from another can become a bit overwhelming to wrap your head around. Consulting a finance professional or your state’s bankruptcy court with your boyfriend can be a good place to start. Those resources can help you begin to understand the nitty gritty of what this will mean for his current and future finances.

As for any impacts on the emotional aspects of your relationship, it’s well-known among experts that disagreements over money are common reasons for divorces or break-ups. Your financial situation certainly affects some aspects of your relationship—such as the ways you spend time together, where you live, etc.? but the quality of your relationship can also affect the way you view and spend money. For example, the amount of trust you have for one another can influence how much you spend on each other, are willing to lend one another, or whether you want to go in on large purchases together. Having an honest conversation with him about your financial goals and the approaches you both take to spending and saving can be a first step to moving forward, despite his bankruptcy. For instance, do you have any personal finance or budgeting skills or tricks you might be able to share with him as he works through his bankruptcy and/or repayment? What are some shared goals for saving and spending that you both could work toward together during this period? For more ideas of questions to ask yourself and your partner, consider reading Fighting over money. If you’re worried about the health of your relationship, you might also think about couples counseling to help you get through this budgetary bind.

Bankruptcy is often seen as a ?fresh start,? but it?s good to keep in mind the costs to your own finances and your relationship with your partner. In the meantime, remember that love doesn’t have to suffer if you’re pinching pennies: there are lots of ways to show your love and have fun together on the cheap!

Alice!

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Resources

Counseling and Psychological Services (CPS) (Morningside)
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