



Wedding Bells—or Not!

7 Consequences Of Saying “I Do”

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Tanya and Scott
sitting in a tree,
K-I-S-S-I-N-G.
First comes love,
then comes marriage,
then comes baby
in a baby carriage!



This rhyme is ingrained in our heads from childhood. While those of us over 50 are no longer concerned with the baby carriage, we have been brought up that if you love someone the next step is to marry them.

Enter the 60's and 70's. In this brief pre-AIDS time of "free love", singles began cohabitating prior to marriage. However, tradition was still strong and most couples who stayed together eventually took that stroll down the aisle. Fast forward 40 years. Those early relationships no longer exist - or never existed – but you have found someone special that you want to spend the rest of your life with. What now?

On one hand, those traditional – and often moral and religious expectations that we will marry our new found love are part of our DNA. However, unlike our poor, broke 20 year old selves, there are specific financial considerations that complicate the decision to get married. While not all inclusive, the following 7 items are financial consequences of saying "I do" for the over 50 crowd.



Taxes – In a recent meeting, my clients (a committed couple) told me that I get to pick their wedding date – how romantic! They are both still working and earn substantially the same income. Although the "marriage penalty" has decreased in recent years, they will pay much more in taxes on their combined income after marriage than on their separate income before the union. Therefore, they are postponing their nuptials until after they retire and their income drops.

Pension and annuity income benefits – Many retirees rely on pension or annuity benefits for their living expenses. If a joint life expectancy is chosen at the time the income elections are made, the benefits will be paid for "As long as **EITHER** of you shall live". This can make a substantial difference in lifestyle for the partner who is left behind. These benefits are only available for married couples.

Social Security & VA Benefits – Similarly, you must be married to collect spousal benefits from Social Security & the VA. For Social Security, generally, the spousal benefit is the greater of your benefit or 50% of the higher earner's benefit at full retirement age. When one spouse passes, the survivor receives either their Social Security benefit or their spouse's benefit. Naturally, there is a catch involved. If this is your second marriage, remarriage means that you can no longer claim benefits on your prior spouse's earnings record.

Military benefits – Similarly, spousal military benefits may be lost (or gained) upon remarriage. Check with the VA to determine how marriage affects these important benefits.

Long term care needs - According to the U.S. Department of Health and Human Services website (www.longtermcare.gov), "70% of people turning age 65 can expect to use some form of long-term care"ⁱ at some point in our lives. For most (approximately 73%), care is provided at home by family and friends. However, If institutional care

is needed, the bills add up quickly. Assisted living costs are in excess of \$3,000 per month while full blown nursing care is often double that amount. In most instances, the state will not pay the expenses unless assets are “spent down”. A long stay in a nursing home may exhaust a substantial portion of marital assets. Remaining single can help shield the assets of the healthy spouse.

Community property status – “Let us be lovers we'll marry our fortunes together. I've got some real estate here in my bag”. The words of Simon and Garfunkel’s song “America” really applies here in the State of Arizona since we live in a community property state. If your real estate holdings won't fit in your purse, marriage complicates property issues. If assets acquired or earned during marriage are comingled with inheritances or assets brought into the marriage, the community assets “taint” the separate assets and make them much more difficult to segregate later.

Estate issues – In general, most couples want to insure that their partner is taken care of financially when they pass. However, they often want the residue and remainder of their estate to go to their children – not their spouse’s children. To accomplish both of these goals, plans need to be made – whether you marry or not. Since each couple’s situation is unique, it is vitally important to assemble your financial planning team – CPA, CPFTM and Attorney – to review your financial accounts, tax returns and legal documents to ensure that the legal and financial I’s are dotted and T’s are crossed.

Mazel Tov – for finding new love at an older age!

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Teresa has been helping families and retirees reach their financial, tax, retirement planning, and estate planning goals for over 25 years. She is legally bound to uphold the highest level of fiduciary standards when providing investment advice to her clients.

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ⁱ Services, U.S. Department of Health and Human. *LongTermCare.gov*. n.d. <http://longtermcare.gov/> (accessed 11 14, 2014).



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