

Financial considerations when you marry later in life

by Susan McCants

At any age, marriage is an important decision that impacts almost every aspect of life. For older individuals, marriage presents even more unique challenges and opportunities. One of these challenges deals with finances. Since the financial impact of marrying later in life can be complicated, it is especially important for older couples to discuss their financial situations with each other and also with their financial advisors. Older individuals bring more of a personal and financial history into a marriage. Potential pitfalls of marrying later in life can be avoided by understanding and planning for the financial consequences and by seeking professional financial advice.

It is essential that older couples share their financial histories with each other. To protect financial integrity, individuals may want to maintain separate credit or file separate income tax returns. Since there are some financial obligations that one spouse assumes for the other, like medical bills, it is important that couples are candid about their financial obligations and address potential expenses such as long term care. Also, it may be important to ascertain the impact that marriage could have on each individual's income. For example, marriage could impact the receipt of alimony, Medicare, Medicaid and Social Security benefits.

Consulting a Social Security benefits counselor is advisable to determine how a marriage will impact current and future benefits. Careful timing of a second marriage can often protect widow's benefits. Many people do not realize that they may qualify for Social Security benefits under both a spouse and a former spouse as well as under their own record. Also, it could be beneficial for one spouse to apply for and then suspend benefits. A benefits counselor can help evaluate the application options and under which record(s) it is best to apply for maximum lifetime benefits.

Although most people will not see a big income tax impact from getting married, they should evaluate whether or not it makes more sense for them to file a joint tax return or to file separately. Filing with a married status may provide an opportunity to make additional retirement account contributions. Some retirement plans require your spouse's consent to take plan distributions and loans or to change beneficiary designations. Plan documents should be reviewed to ensure that they are coordinated with your financial goals.

Legal documents should also be coordinated with your new circumstances to ensure that your estate plan accurately reflects your wishes. Beneficiary designations on life insurance policies and retirement accounts may need to be changed when you marry to reflect your changing needs. It is always smart to consider a prenuptial agreement to fairly address both spouses and to protect the family assets of each. Creating a trust is another way to offer protection for first families as well as new spouses. Couples should work with their attorney to update all legal documents.

Marriage at any age includes a marriage of finances. Open communication about financial goals and circumstances can contribute to a higher quality of life for both spouses. When you marry or remarry later in life, planning for the financial consequences can help ease the transition and ensure that your marriage will yield long-term dividends.



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