

Getting Married

How does legal treatment differ between married and unmarried couples?

Unmarried couples don't:

- Inherit each other's property automatically. Married couples have the state intestacy laws to support them if they do not have a will. Under the law, the surviving spouse will inherit (at the minimum) a fraction of the deceased spouse's property.
- Have the privilege to speak for one another in a medical crisis. In the case that your life partner loses capacity or consciousness, someone will have to make the go-ahead decision for a medical purpose. It should be you, but if you haven't filed certain paperwork, you may not have the ability to do so.
- Have the privilege to handle one another's finances in a crisis. A married couple that jointly own assets is less affected by this problem than an unmarried couple.

How should unmarried couples protect their estate and financial holdings?

Here are some important steps to take for couples that are unmarried:

Draft wills. The chances of the intentions being followed through with after a death are greater if both partners make wills. Without wills, the probability of the unmarried surviving partner having no rights is more likely.

Think about owning property together. This is a way to guarantee that property will pass to the other joint owner at the time of the other's death due to the right of survivorship.

Make a durable power of attorney. This will permit the partner to sign papers and checks and take care of other financial issues on his/her behalf should one become incapacitated.

Make a health care proxy. Also known as a medical power of attorney, this permits the partner to talk on your behalf to make medical decisions, should you become injured.

Have a living will. This lets your wishes regarding artificial feeding and other measures to prolong your life be known.

Is more insurance necessary for married couples?

In the case of death, life insurance will provide a form of income for your dependents, children or whoever is your beneficiary. Because of this, married couples usually require more life insurance than singles. Having someone dependent on your income will determine if you need to have life insurance. If someone such as a child, parent, spouse or other individual is dependent on your income, you should have life insurance. The following are situations where life insurance is necessary:

- **Single parents or families with young children or other dependents.** The younger your children, the more insurance is necessary. Insurance should be in proportion to the amount earned. If both spouses are working, they should both be insured. If both earners cannot afford to be insured, the primary wage earner should be the first to be insured and the secondary will follow. To fill the insurance gap, a less expensive term policy may be used. Insurance should be bought to cover the absence of services such as childcare, bookkeeping, housekeeping, which are provided by the spouse that works within the home. The insurance that covers the non-wage earner is secondary to the insurance that covers the wage earner's life, if funds are scarce.
- **Adults that have no children or other dependents.** You will need less insurance than people in the previous situation if your spouse can live comfortably without income. However, some form of life insurance is still necessary. You will want at least enough to cover burial expenses, to pay off any debts you may have acquired, and to provide an easy transition for the surviving spouse. You may want to buy more insurance if you think your spouse would go through financial hardship without your income or if your savings aren't adequate. This depends on your salary level as well as the amount of your spouse's, the amount of savings you have, and the amount of debt incurred.
- **Single adults without dependents.** Unless you would like to use insurance for the purposes of estate planning, you will only need insurance to cover expenses for burial and debts.
- **Children.** Typically, children only need life insurance to cover burial expenses and medical debts. An insurance policy could also be used as a long-term savings instrument, in some instances.

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Getting Married (cont.)

Who needs to be notified if a spouse changes their name after marriage?

All organizations that you had correspondence with while using your unmarried name should be notified. You can begin with the following list:

- The Social Security Administration
- Department of Motor Vehicles
- Post Office
- Investment and bank accounts
- Employer
- Voter's registration office
- School alumni offices
- Credit cards and loans
- Club memberships
- Retirement accounts
- Subscriptions
- Passport office
- Insurance agents

Should I update my will when I get married?

Definitely. When an important life event occurs such as marriage, it should be updated. If not, your spouse and other beneficiaries will not get what is meant for them at the time of your death.

After marriage, what are the tax implications?

You are entitled to file a joint income tax return upon marriage. Although this simplifies the filing process, you will more than likely discover that your tax bill is either higher or lower than when you were single. It's higher when you file together, as more of your income is taxed in the higher tax brackets. This is commonly known as the marriage tax penalty. In 2003, a tax law that intended to reduce the marriage penalty went into effect, but this law didn't get rid of the penalty for higher bracket taxpayers.

Once married, you may not file separately in an attempt to avoid the marriage penalty. Actually, filing as married filing separately can raise your taxes. For the optimal filing status for your situation you should speak with your tax advisor.

Can married couples hold property?

Yes. After marriage, there are many ways of owning property. They differ from state to state.

- Sole tenancy, which is when one individual has ownership. The property is passed on in accordance with the will at death.
- Joint tenancy, with the privilege of survivorship. Two or more people have equal ownership. The property is passed to the joint owner upon death. This should be used to effectively avoid probate.
- Tenancy in common, property has joint ownership with the privilege of survivorship. The property is passed on according to your will upon death.
- Tenancy by the entirety, like joint tenancy, with privilege of survivorship. This doesn't allow a spouse to get rid of the property without the other's consent and is only possible for spouses.
- Community property, property that is gained through marriage that has equal ownership. States such as AZ, CA, ID, LA, NV, NM, TX, WA, and WI allow community property.

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