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## Financial Tips for Unmarried Couples

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### Talk about Your Finances

One of the first financial decisions you'll have to make as an unmarried couple is whether you should handle your finances separately or together. Sit down with your partner and discuss each other's financial values, priorities, and goals. Being open and honest now will help you and your partner avoid the arguments about money that plague most couples, married or unmarried.

How will you handle household expenses: separately or jointly? If you prefer a simple financial arrangement and want to avoid some of the liability associated with joint accounts, you can keep your finances separate. One of you pays the bills and collects money from the other, or you each pay for certain things separately. However, for the sake of convenience, many unmarried couples opt to pay household expenses together, as most married couples do. Keep in mind that if you do open a joint checking account, you'll each be responsible for all checks drawn (or overdrawn) on the account.

What about the rest of your income and other personal expenses? Will you pool all of your finances or keep some income separate for your personal use? Even if you decide to pay your bills together from a joint checking account,

you can always keep separate accounts for personal expenses.

Finally, will you hold joint credit cards? You can open joint credit card accounts or add your partner to an existing account as an authorized user. Remember, though, that with a joint account, you are each fully responsible for all charges on the account, including charges that your partner made.

### **Plan for Retirement**

As an unmarried couple, you and your partner don't have to give up on planning for retirement together, but it may be harder for you than for married couples. Neither partner will be eligible for spousal benefits from two key sources of retirement income: Social Security and defined benefit pension plans (i.e., traditional pension plans). However, if you're a little creative, there are other ways that you can provide an adequate living for your partner in retirement:

- Designate your partner as the beneficiary of your retirement plan (e.g., 401(k)s, 403(b)s), if permitted, and of your IRAs.
- Increase your savings now to replace the spousal benefits your partner won't receive from Social Security and your defined benefit pension plan.
- Consider using life insurance to fund your partner's retirement. As long as you can prove that you have an insurable interest, you can purchase an individual policy that names your partner as the beneficiary.

Before you jump into planning jointly for retirement, however, consider all of the possibilities. Although it may seem unlikely now, your relationship could end before you retire, leaving one or both of you with inadequate retirement income. In some cases, it may be wiser for each of you to plan for retirement on your own, even if you plan on being together forever.

### **Make Estate Planning a Priority**

Proper estate planning is essential for unmarried couples. The laws that protect married couples don't apply to you. Without proper protection, your surviving partner could be ordered out of a house that you share, and your next of kin could dispose of your estate however they choose. Your partner could also be left out of financial and medical decisions if you become seriously ill or incapacitated. You owe it to yourself and your partner to ensure that your estate will be handled according to your wishes. Here are some ideas to consider:

- Consult an experienced estate planning attorney to help you protect your assets, your partner, and your family.
- Prepare durable power of attorneys for health care and finances, and name your partner as your representative.
- Execute a will if you want to leave certain property to your partner. Without it, he or she has no legal right to inherit your estate.
- Sign a domestic partner agreement. It won't replace your will, but it can support your will and your partner's right to jointly held property by stating your wishes and intentions.

Have questions? Need help? Call the CAPTRUST Advice Desk at 800.967.9948, or [schedule an appointment](#) with a retirement counselor today.

*Source: Broadridge Investor Communication Solutions, Inc.*