

Older sweethearts face different premarital financial concerns

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Published: 01 June 2012 07:27 PM

When a young couple walk down the aisle, thoughts about finances typically consist of saving for their first home and raising children. It's very different on the other end of the spectrum.

When an older couple marries, the issue is what happens to the money and possessions that each partner has accumulated over a lifetime.

"The partners probably have accumulated assets over the years, including personal property that probably has a mixture of economic and sentimental value," said Lynn Lawrance, certified financial planner at Financial Network Investment Corp. "Whatever financial and estate planning you've done to this point is likely to be impacted or needs modification."

It's critical that you discuss finances and expectations with each other before the wedding.

"Know what each of you may be giving up and what you're gaining," Lawrance said. "If you don't, you may gain a spouse and unwittingly put your financial security at risk."

It's also important to know where you stand financially as individuals.

"Are you both in good shape or do you financially need each other?" Lawrance said. "Do either of you have large debt? What about your spending and investing styles? Do you want to keep your assets and income separate or combine them?"

Here are the critical areas you need to discuss:

Kids and grandkids

"One of the most important things in my mind is the children and grandchildren, and how much financial help their proposed spouse might want to give and how it might affect their budgets," said Suzanne Cobb, director of the Guardianship and Money Management program at the Senior Source.

"Those are things you need to talk about before you get married because everybody has different ideas and beliefs on how much you should help your kids and grandkids. If you don't agree, that can cause some really serious problems."

The Senior Source has received calls from seniors about that, she said.

"We've had calls from people that their budget has really been put in jeopardy from having to help kids," Cobb said. "The spouse who called me wasn't really happy about the fact that their spouse had chosen to do this."

Your estates

"Immediately what comes to mind is that at that age, each partner is likely to come to the marriage with some 'estate' of his or her own, so a prenuptial agreement is more likely to be considered," said Michael Wald, senior counsel and estate planning attorney at Underwood Perkins PC in Dallas.

That's what 76-year-old Doug Hawes and 79-year-old Cynthia Maddox of Plano did before they married in 2001.

"You need a prenuptial agreement for sure because usually both people have various assets, and they both have usually some kind of income from a previous spouse or retirement, so I just found it's better to keep all this stuff separate," Maddox said. "We both have separate incomes. We both have our own investments that we make."

Maddox owns the house they live in — she bought it before they married — and it will go to her children from a previous marriage when she dies.

"I had a home, Doug had a home," she said. "He sold his. We decided to stay with mine because I have a swimming pool and I wanted a pool."

The arrangement has worked fine for them.

"I pay kind of a rental agreement to live here," Hawes said. "I buy the groceries, and she handles the household expenses with her income."

Hawes also pays when they eat out and covers car maintenance.

They made a recent change in which they put each other's name on their individual checking accounts "just in case something happens," Hawes said.

Other than that, "all that monetary stuff is separate because if you've got kids, you want to leave what you have to them probably — at least we both do — and we don't want it to get messed up," Maddox said. "I don't think anything goes to either one of us [when they die], other than what we bought together."

A prenuptial agreement can head off family strife, said Janet Brumley, family law attorney at Verner & Brumley.

"If they have adult children, it puts the adult children at ease that nobody is marrying for money and they're not going to get cut out of their inheritance," she said.

It can be a sticky situation if things aren't worked out beforehand, Wald said.

"The main consideration is to come up with a plan that will not be too hard to swallow," he said. "A poorly conceived plan might invite a contest over the will where claims like duress, undue influence or unsound mind are made."

Long-term health care

"If health permits, purchasing long-term care insurance should be considered," Wald said. "If not, planning to finance long-term care should be done as early as possible. If public financing — read Medicaid — is going to be needed, the estates will have to be spent down to a large extent first. Early planning may preserve the estate for the heirs."

If both of you are working and have health insurance, review each of your plans.

"Between 60 and 65, when Medicare kicks in, there is the problem of health insurance," Wald said. "If a spouse is employed, the cost of getting insurance through the employer must be weighed against the risk of losing the job once illness sets in, making private insurance too expensive to acquire or making it available only with exclusion for the illness experienced."

Social Security

Be aware that a marriage late in life may affect your Social Security benefits.

"If both parties are receiving full Social Security benefits, marriage may reduce the amount received," said Mickey Cargile, managing partner at Cargile Investments in Midland.

So check with the Social Security Administration before you marry. You can find information at ssa.gov or by calling toll-free 1-800-772-1213.

"Before you marry, understand what is likely to change and how," Lawrance said. "For some people, there may be little impact. For others, it could be significant. For some, the financial reality may be that it makes more economic sense not to get married."

Getting married at any age can be a life-changing decision. But later-life marriages present a host of issues that should be discussed and settled before you walk down the aisle.

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