

# Unmarried Couples Need Plans for Financial Future

A story published in the Journal Times on November 12, 2004, says that like it or not, the American institution of marriage has changed in the last 50 years, for a variety of reasons.

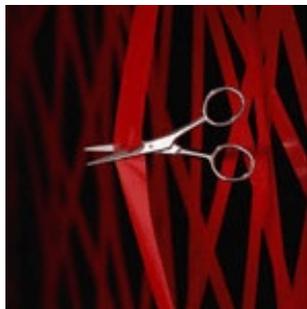
The number of married-couple households has dropped from nearly 80% in the 1950s to a little more than 50% in 2003, according to U.S. Census Bureau figures. Yet, that doesn't mean that people aren't coupling up.

There are an estimated 11 million Americans in long-term, committed relationships who are not legally married, according to Michael Haubrich, a local certified financial planner who specializes in holistic financial life planning.

"The numbers are soft; I've seen some estimates as high as 13 million," Haubrich said.

And while such non-traditional living arrangements may be more widely accepted on the surface today, unmarried couples may still face great difficulty establishing financial security for their partners and their families because most of the rules and regulations governing those areas are geared toward married couples.

## Cutting the red tape

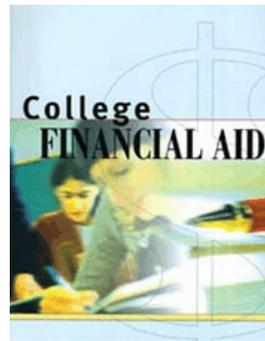


Civil rights organizations estimate that there are 1,000 federal laws, benefits, programs, rules and regulations that apply to married spouses. And the lack of such rights for non-traditional couples can result in hundreds of legal and financial inequities, such as

not being able to share retirement plan assets - even for people who have shared each others' lives for 20 or more years.

The effect such inequities have on gay and lesbian couples, who are still unable to get married in most states, is an issue we've heard a lot about in recent months. But they aren't the only ones affected. Many of America's non-traditional couples are heterosexuals, some of whom have made the decision not to get married for financial reasons.

Consider Tracy Toltzman and Peter Pellicori, for example. The couple, both in their forties and both with children from previous marriages, have been together for about three years. They have put off getting married mainly because their marital status plays a role in the amount of financial aid Pellicori's daughter would get for college, Toltzman said



As a single custodial parent, Pellicori's income and assets are the only ones that have to be reported on his daughter's federal financial aid application. If he were to marry Toltzman, her income and assets would also have to be reported, according to regulations set by the federal student aid program (FAFSA).

"If we get married, it may impact his daughter's ability to get financial aid for college and that could make a huge difference," Toltzman said.

## Employee benefits

Unlike some unmarried couples, Toltzman and Pellicori are fortunate in that they are able to share health insurance benefits despite the fact that they aren't married.

Toltzman, an environmental engineer with SC Johnson, is able to insure Pellicori, a maintenance supervisor with Maglio & Sons produce company in Glendale, and his children with her employer's health care plan.

Pellicori has to pay taxes on those benefits as if they were income, but he and Toltzman are grateful to have the option for that insurance, Toltzman said.

Not all companies offer such benefits for unmarried, domestic partners. But more and more are changing their policies, said Haubrich, of the Financial Service Group.

More than 40 percent of the 500 largest companies in the United States have started to revise their marriage-centric policies, according to Business Week magazine.

And some, such as Merrill Lynch & Co. and Bank of America, have already instituted extended-family benefits that allow employees to add a qualified adult household member to their health plans, be it a domestic partner, extended family member or adult child.

And don't assume that if you haven't heard of this option it doesn't exist with your employer, Haubrich said. Companies may not advertise it and employees usually have to provide some kind of certification of domestic partnership, but the effort is worth the benefits.

Even with such changes, there are still considerable hurdles non-traditional couples face when it comes to securing their financial future, Haubrich said. The good news is that there are ways to overcome them.

## Cover your finances

It takes some time and effort, but with proper planning and documentation, non-traditional couples can cover their essential financial needs both now and down the road, Haubrich said.

Documents such as a Domestic Partnership Agreement, for example, will cover issues that would automatically be covered by laws governing married couples regarding death or divorce.

A Domestic Partnership Agreement, or living-together agreement, uses contract law instead of state marital law and is similar to a prenuptial or nuptial agreement.

Not all courts honor such agreements, however. So it is important that to check with your attorney before drawing one up.

A good source for more information about Domestic Partnership Agreements, and other non-traditional couple planning strategies, is Harold Lustig's "Four Steps to Financial Security for Lesbian and Gay Couples." While the book is aimed at homosexual couples, many of the financial planning strategies also apply to other non-traditional couples.



In addition to the Domestic Partnership Agreement, Haubrich recommends that non-traditional couples have the following documents in place in order to provide for a financially secure future:

- \* Health Care Power of Attorney
- \* Living Will

- \* Durable Power of Attorney for Finance

- \* Wills and trusts

- \* A document that spells out authority for autopsy and burial arrangements

One of the biggest mistakes non-traditional couples make in planning for their financial future is not planning at all, Haubrich said.

People often assume that because they've been together for a long time, they will always have certain rights, in regard to their partner, and that their families will be supportive of their wishes. But documentation is the only way to ensure that those wishes are carried out in legal and social systems that don't recognize relationships outside of legal marriage, he said.

"It is really comes down to figuring out ways to protect individuals and the family unit itself," Haubrich said. "The planning strategies really aren't any different than those used by traditional couples; the only difference is the social stigma attached to non-traditional couples."