

2003 PridePlanners Conference looks at financial planning for unmarried couples

A story published in the Cape Cod Times on May 20, 2003, reports that the financial planning needs of nontraditional couples such as gays and lesbians will be the focus of the second annual PridePlanners National Conference when it meets in Provincetown next month.

About 100 financial advisers are expected to attend the conference, June 12 to 15. It will be hosted by the Framingham-based PridePlanners Association.



According to the 2000 U.S. census, unmarried cohabiting couples (both gay and straight) occupy about 5.47 million of U.S. households, or approximately 5.2 percent. The figure is believed to be low, because some couples may describe themselves as roommates or friends.

To learn more about the financial planning concerns of same sex and other unmarried couples, we spoke with financial planner Debra A. Neiman, CFP, co-founder of PridePlanners and a principal with Neiman & Associates Financial Services, LLC, in Watertown.

What's the No. 1 financial planning issues for same-sex and other unmarried couples?

The first is that unmarried couples do not have legal protection in the events of parenting, divorce, incapacity or death.

If a couple is married and one spouse passes away, their assets [automatically] go to the surviving spouse. But for non-married partners, the spouse has no recourse.

For instance, if a couple is not married, there was no will and the partner who passed away was the homeowner, the kin of the deceased can kick out the surviving partner, even if the surviving partner lived there for 30 years and helped pay upkeep and maintenance. They could take all the personal effects.

What are the tax considerations?

That's the No. 2 [issue]: tax penalties for unmarried couples.

When a couple is married and one spouse passes away, the assets go to the surviving spouse, and there are no tax consequences. There's something called an unlimited marital deduction. There is no such unlimited deduction for unmarried folks.

Under this unlimited marital deduction, [spouses] can give each other any gift of any amount during their lifetimes and there's no tax consequences. [For unmarried couples], anything in excess of \$11,000 per calendar year that one gives to the other would be considered a gift, then there are gift tax rules and forms to file with the IRS.

What's the third key issue?

Reduced retirement benefits. Married couples automatically have the right to Social Security survivor benefits, whereas unmarried couples, one cannot receive the benefit of the other.

Also, many private pensions specify that a beneficiary can only be a spouse.

Do unmarried couples have any advantages?

Since you cannot file a joint [tax] return, you end up filing two separate returns, and there are certain advantages you can use.

If a same-sex couple were to do nothing else, what one area should they address?

The legal protection. Get your wishes pertaining to distribution of your assets in writing. Get your documents drafted - your will, your durable power of attorney, your health care proxy.

Many people overlook the need for a domestic partnership agreement.

Along the lines of a pre-nuptial agreement?

Yes. It could spell out what both parties bring to the table, what the responsibilities are, how both parties will take care of their own respective debt. Often they'll include, "What's hers is hers, what's mine is mine." We may pool assets; we may keep things separate.

Are there home ownership issues for unmarried couples?

Higher net worth people in higher tax brackets need to know that owning things jointly is not necessarily the best strategy; there could be estate planning issues.

What other steps should unmarried couples take?

Review their beneficiary statements for IRAs and life insurance.