The Financial Considerations of Marrying Later in Life

Many subscribe to the belief that wisdom comes with age. When major life events occur later in life, the involved individual has potentially benefitted from years of experience, learning and personal growth. For this and other reasons, later-in-life marriages are often associated with certain benefits. Entering into a marriage at a later stage may mean that spouses will be better equipped to emotionally and financially deal with the trials and tribulations of married life.

While there are benefits to later-in-life marriages, there are also financial considerations to keep in mind, as each spouse is more likely to enter into the marriage with their own financial assets and responsibilities. As a lot of planning goes into the "big day", there are a few details that should not be overlooked.

Establishing a Prenuptial Agreement

Couples that marry later in life are more likely to come into the marriage with more accumulated assets of their own. These assets can include marketable securities and cash, as well as business holdings, properties and highly valuable collectibles. Senior couples may also have adult children who may have their own financial or emotional interests in those assets. While a prenuptial agreement alone is not a substitute for estate planning, properly identifying non-marital assets and addressing the financial needs of the new spouse could mitigate issues should the marriage end in divorce.

Thoroughly Review Existing Estate Planning Documents and Revise as Necessary

All newly married couples should review and amend, if necessary, their estate planning documents. Beneficiaries of retirement accounts may need to be updated to include the new spouse. Wills and certain trusts may need to be amended to account for the new spouse. If the couple has children from previous relationships, they may also want to update their will to provide for the new spouse while ensuring that the children will inherit the assets to which they are entitled. Some newly formed families may want to include stepchildren in their financial planning while others may not.

In addition to wills and retirement plans, healthcare directives, life insurance policies and durable powers of attorney should be updated to reflect changes to the family.

How Marriage Can Affect Alimony and Social Security Benefits from Previous Marriages

Couples who remarry may also have to adjust their expectations for social security and alimony payments. Many divorce settlements stipulate that alimony payments cease when a partner remarries. Depending on the financial standing of the divorced spouse, the loss of alimony could be a significant financial adjustment.

Separately, divorced spouses who remarry will no longer be eligible for social security benefits tied to their ex-spouse. Typically, a divorced spouse can receive social security benefits based on the higher-earning spouses' work provided they were married for at least 10 years and they remain unmarried.

Marriage Tax Penalty or Bonus

Though under the new tax law there will be fewer couples affected by the marriage penalty, higher income earning taxpayers may find themselves being taxed at a higher rate if married filing jointly. If there is a wide discrepancy in income, married couples may find that there is little to no change to their tax situation and that they may actually get a bonus.

As always, couples should meet with their respective financial, legal and tax advisors when there are significant changes to their financial plan. For more information, or to discuss a specific circumstance, contact your Anchin relationship partner or Antonia Greenwald, a Director in Anchin's Matrimonial Services Group, at 212.840.3456 or info@anchin.com.

ANCHIN
Private Client

Jared Feldman, CPA
Leader
jared.feldman@anchin.com

Mela Garber, CDFA
Tax Leader
mela.garber@anchin.com

1375 Broadway, New York, NY 10018 • 212.840.3456 • www.anchinprivateclient.com