



## Financial Challenges of Living Together

Are you one of the growing number of unmarried Americans who are living with a partner? From a financial perspective, you get a lot of the savings that a married couple typically would enjoy in not having to maintain separate homes and pay redundant bills (like separate cable and Internet services) and purchases (furniture and other household items). Not having some of the financial benefits of marriage can present some real challenges though. This article by Forbes offers some things to consider:

### Money Management

You can still set up joint credit union accounts and credit card accounts, which can simplify household expenses and make you feel more like a couple. If one of you has a poor credit score, being added to the other's credit cards can help the first person improve their score. The money in the credit union accounts is also immediately available to each of you should something happen to you or your partner. (Of course, having joint accounts can make things messy if you decide to split up since you'll have to create your own "divorce" process.)

However, be aware that putting too much money in a joint account can trigger having to file a gift tax return. That's because half of all deposits are considered a gift to the other person. If the total gifts exceed \$17,000 this year, you need to report the gift to the IRS and the excess over \$17,000 reduces the recipient's total lifetime gift and estate tax exemption.

## **Estate Planning**

This is one of the most important areas for non-married couples because you likely won't be each other's default beneficiary and won't be considered family for medical purposes. That's why you'll want to have updated wills, durable powers of attorney, health care directives, and beneficiary designations on any retirement accounts, health savings accounts, life insurance policies, and trusts you may have. If you're considering hiring an estate planning attorney, see if your employer offers a prepaid legal plan you can sign up for during your open enrollment or discounted legal help through an employee assistance program.

Unfortunately, you won't be able to roll each other's inherited retirement accounts into your retirement account to defer taxes. Anything passed between you at death may not receive the unlimited estate tax exemption that married U.S. citizens get or the ability to pass on your remaining estate tax exemption to each other. Fortunately, the current \$12.92 million federal estate tax exemption means this is unlikely to affect most people. (If you're worried about estate taxes, you may want to consult with an estate planning attorney.)

## **Employee Benefits**

You and your partner likely won't be eligible for employee benefits such as being on each other's employer-provided health insurance unless you're domestic partners. Even in that case, the federal government levies a tax on the value of the benefits to the partner. Some employers will cover that cost. If yours doesn't, you may have to decide if it's worth paying the tax or getting insurance someplace else.

## **Government Benefits**

You won't have the option to file taxes jointly, which saves most married couples money, especially if one spouse earns a lot more than the other or if they have children. Speaking of children, you can't adopt a child together (unless you're domestic partners in some states). Even if you're domestic partners, the federal government doesn't recognize them so you can't petition to keep a non-citizen partner in the U.S. or collect spousal or survivor Social Security benefits. Not being eligible for survivor Social Security benefits may increase the amount of life insurance you need even when you're retired.

## **Should You Get Hitched?**

As you can see, there are a lot of financial benefits you give up by not being married so you may want to factor these into your decision of whether or not to say "I do." Of course, marriage also has its financial drawbacks, especially if you eventually get divorced. That's one reason why the decision to get married shouldn't just be a financial one.

[Article Source.](#)



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