



FEATURE ARTICLE FROM ALWAYS BEST CARE

After the Romance — Settling Down Together

When AARP columnist Pepper Schwartz announced to her friends that she was getting married, the most common response was amazement.

“First, I think people are a bit shocked when older people not only fall in love, but want to get married. Second, age mates are surprised that anyone would want to get married given the economic complications of marriage in the last quartile of life. And third, I think that many people feel that risking your heart at an advanced age is “brave” because if things go wrong (and by this time of life we are well aware that love can disappear), the time for recovery is increasingly short—and where does it leave you?” (*Finding Love (& Marriage) After 65. Yes, It Still Happens! July 2012, [AARP](#)*)

For older adults who are “brave” enough to enter into a romantic partnership, both marriage and living together provide challenges, especially financial, that didn’t exist when we were younger. Seniors have built up nest eggs, which they may want to pass as an inheritance to their children. They also have pensions, Social Security payments or other benefits that they may not want to jeopardize. Settling down with someone at a later age can mean becoming responsible for someone else’s health care and bills.

For many older adults who find themselves in a committed relationship, the question is whether to marry or to live together. Many who wed do so because they have moral objections to living together; others simply enjoy the privileges and status marriage brings, Schwartz said. Sometimes older women, especially those who have worked their whole lives, reject marriage because they don’t want to give up their financial independence or have spent their whole lives taking care of children and husbands and want to remain free from those duties. Some who choose to “shack up” together do so because their children fear losing their inheritance if mom or dad remarries.

For these reasons and more, the number of people over age 50 who are living together romantically has more than doubled in a decade, from 1.2 million in 2000 to 2.75 million in 2010, according to the U.S. Census Bureau. The 50-plus group represents nearly one-third of the approximately 7.5 million people of all ages who were living together in 2010.

Reasons for Settling Down Together

Besides the obvious reasons of loving someone and wanting to be with them all the time, moving in together has health and financial benefits. Research shows that married people are physically and mentally more healthy than singles; presumably those benefits would extend to people who are living together. There are many possible reasons for this. Couples in a healthy relationship produce fewer stress hormones and take care of one another when they are sick. Together, you can motivate each other to exercise and eat healthier, and remind one another of medication schedules and health care appointments.

Financially, spouses or partners can avoid paying a caregiver by picking up caregiving duties for each other. However, there are also financial disadvantages both to getting married and living together.

Complications for Both Paths

Social Security, taxes and other issues can complicate the decision to get legally married or live together.

Social Security: Under government rules, a survivor is entitled to a share of a late spouse's benefits, but survivors who remarry before age 60 lose the benefits.

Taxes: The so-called marriage penalty can result in married couples owing more tax overall than two single people. Although Congress has wiped out some of the disparity in recent years, high-income couples are still affected.

The marital deduction, a provision in United States Federal Estate and Gift Tax Law, enables one spouse to leave an unrestricted amount of assets to the other with no estate tax consequences. However, for unmarried partners, any assets over \$1 million are subject to the estate tax, if one partner dies.

Debts: In Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, Washington and Wisconsin, married people are responsible for the debts of spouses. This can be especially burdensome for older adults, if one needs to go into a nursing home.

Employee-sponsored retirement plans: The employer generally provides benefits to the beneficiary designated on the form.

Government pensions: A survivor can be entitled to half a spouse's pension, but if the survivor remarries before age 55, they lose the pension.

IRA: Combining incomes by marrying can lower the amount of deductions each person can take. For the same reasons, single people are able to offset capital losses for a higher amount than a married couple can.

The downside for singles is that naming a significant other as a beneficiary on an IRA means that the survivor has to withdraw and pay income tax on the inheritance within five years of the death of the original owner, which does not apply to married couples.

Medicaid: The government health program includes a spouse's assets when determining Medicaid eligibility, so a non-married partner has a lower threshold to meet.

Health insurance: Most medical plans permit a surviving spouse to retain medical coverage after the other's death, and that doesn't change whether the surviving spouse remarries or lives with someone. If one person in the couple is still working, the other partner might be able to get partner benefits, depending on the company.

Other issues: A partner who remarries stands to lose alimony, while a higher combined income can mean less student aid for a child. Military survivors who remarry can lose pensions and health insurance.

Inheritance: Stories abound of children unintentionally disinherited when their parent remarried. For example, life insurance policies specify that the money will go to the next of kin, even if the person named is your spouse who has died. The next of kin, in most states, will be the husband or wife, including new spouse. When you remarry, one of the first things you should do is talk to your attorney about reviewing and updating, if necessary, estate plans, wills and other documents to make sure they are consistent with your wishes, even if your wish is to leave all your money to your dog, Sammy.

Precautions Before Living Together

If you decide that living together has more advantages than getting married, ensure each partner is protected in the case of death. Because marriage automatically conveys certain legal protections, including survivor benefits, an unmarried couple needs to create documents (power of attorney, wills, etc.) that will protect their interests.

Non-married couples need to be extra careful to ensure that the right person can make health or financial decisions for you when the time comes. Those documents include (from [Daily Finance](#)):

- Durable power of attorney for managing financial affairs
- Medical power of attorney for managing health issues (without proper documentation, you have no legal right to make health care decisions for your partner)
- HIPAA release for accessing health information
- Directive to physicians regarding end-of-life decisions
- Possibly a revocable living trust for managing assets while alive and avoiding probate for disposition of assets after death

Unmarried couples who share property and assets can use a “living together” agreement that spells out how possessions are divided if the two decide to split or if one dies. According to [NOLO \(Law for All\)](#), “Courts have ruled that unmarried couples generally have the right to create whatever kind of living-together contracts they want relating to financial and property concerns... That agreement will often be considered an enforceable contract—a ‘nonmarital agreement’ in legal terms.” Among other things, an agreement can help avoid problems when you commingle money and property. It clarifies your intentions and expectations regarding property ownership and household expenses, when one person dies and the other’s children have power of attorney over finances.

Finally, if both partners contribute to major purchases, such as a house or car, experts recommend placing assets in both your names, so if one person dies, the other still has access. If that’s not possible with home ownership, 10 states give a beneficiary the right to live in your home when you die, called an enhanced death deed.

Talking to Your Family

Any time a parent remarries, children can feel threatened or angry. Fears can intensify when children feel that their inheritance might be going to the new spouse or partner.

Experts advise talking to your children honestly about finances. Let them know if you’ve set up an estate or have a will or prenuptial agreement, and what that entails.

Children may feel more comfortable and more trusting of the new spouse/partner if they know they are not being disinherited. If you aren’t comfortable discussing your final arrangements with your whole family, talk to one person that both you and other family members trust. You can also make a video expressing your wishes.

Even adult children can feel threatened by someone replacing one of their parents, so assure your kids that their other parent isn’t forgotten. Tell them how you need companionship, just like they do, and that that you have a right to be happy.

At the same time, make sure you include your children and grandchildren in plans with your new mate and that you stay connected to them, either through visits, phone calls or the computer.

Sources

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