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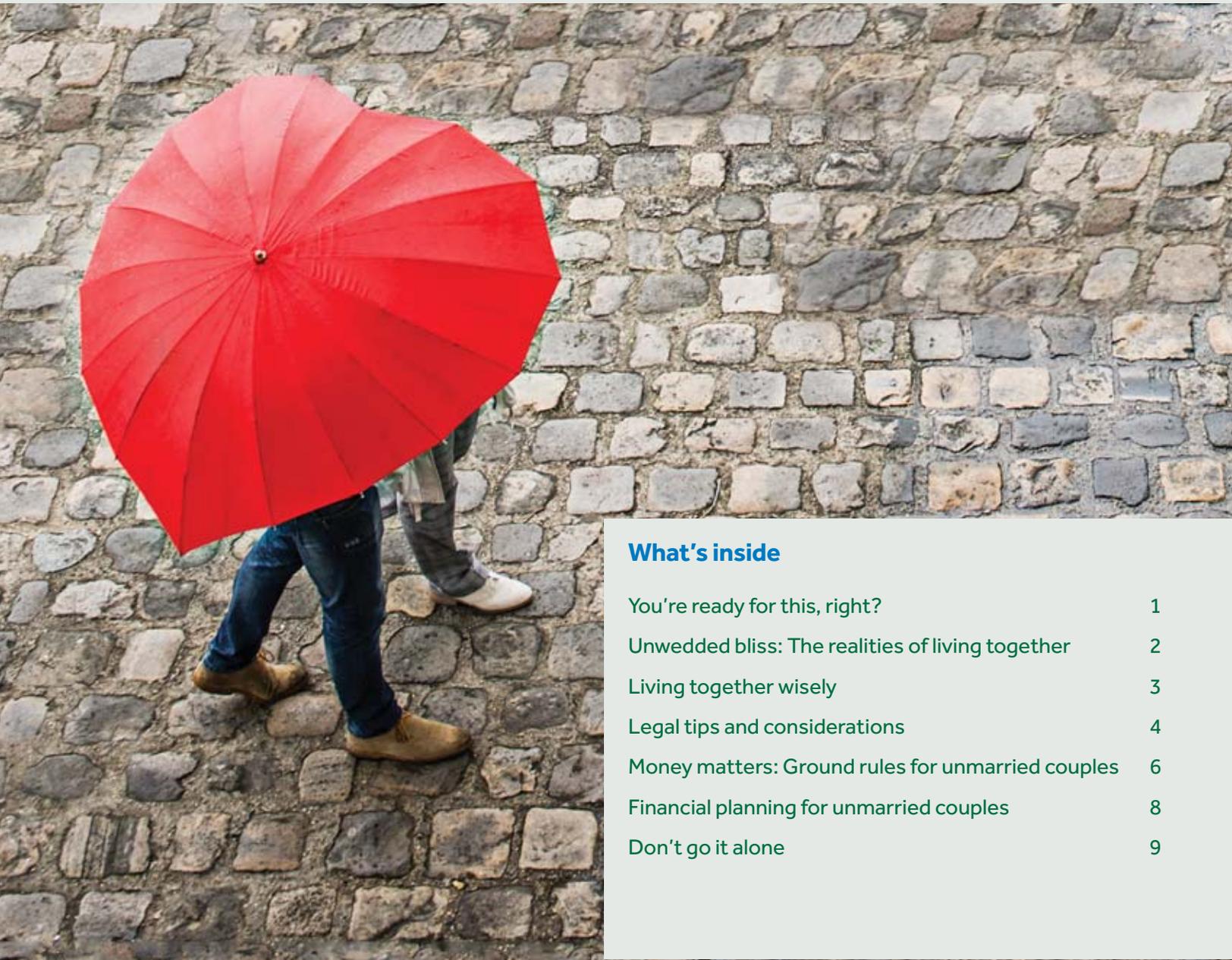
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Here's to another first!

Relationships bring many firsts—your first date, first argument, and in some cases, your first shared address. Whether a step toward marriage or as an alternative to marriage, more couples are choosing to live together. A joint household can offer a glimpse into your future as a couple and shed some light on each other's personal and financial habits. Before sharing a life and home with someone, it's important to be prepared. A little planning can strengthen your connection and protect both of your interests.



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You're ready for this, right?

Sharing an address is the closest you will get to marriage without an official "I do," so it is not a step to be taken lightly. Today, it's common for couples to live together either prior to or in place of marriage. Whatever your situation, it's important to think matters through, both individually and as a couple. It's easy to talk about all of the things that are going well, but being able to discuss potential issues can be a good indicator that you're ready to share a space. But before you sign a lease, consider some of the most common challenges that couples experience after moving in together.

- **How well do you know each other?** It takes time to truly know someone beyond basic preferences, habits, and routines. Some people recommend being together for at least six months before you decide to live together, while others recommend a year. Each relationship is unique and evolves on its own timeline, so more important than time is ensuring that you are past the honeymoon phase when considering sharing a space.
- **What are your expectations about moving in together?** Where relationships are concerned, it's important to be on the same page about major topics, or at least know where each other stands. If one of you feels that moving in together is a purely economic decision and the other is hearing wedding bells in the near future, someone will likely wind up disappointed.
- **How important is personal space and privacy?** There's no doubt about it—everyone needs personal space and privacy. Living together on a full-time basis and seeing each other a few days each week are very different arrangements that have different impacts on your privacy comfort zone.
- **Has your relationship been tested?** Some couples boast that they have never had an argument. It may mean that they are a model couple. More realistically, it might mean that they have not been together long enough to experience disagreement or know how they will manage through periods of conflict.

When combining households, it's likely that you will have duplicates of everything—from kitchen supplies to furniture. To help keep your new space from feeling cramped and chaotic, work together to decide what stays and what goes.





Unwedded bliss: The realities of living together

There are many reasons why two people decide to move in together, and being in love generally tops the list. The excitement of seeing each other all the time and sharing every day moments like grocery shopping, eating meals, and winding down at the end of the day makes most couples smile. Despite all of the happiness and excitement, the reality is that living together is an adjustment and can be stressful at times. Consider these realities—and strategies to deal with them—to help manage some of the added pressure.

- **Living together may not lead to marriage.** Before moving in together, it is important to understand each of your expectations for the future of your relationship. If neither of you are ready to make a decision about where you are heading as a couple, agree on a future point in time to revisit the conversation.
- **Sharing space may not always be easy.** When you shift from visiting each other's homes to being together 24/7, it's natural to sometimes feel irritated with each other. For example, if one of you is neat and tidy, and the other doesn't mind stepping over yesterday's socks, there is the potential for conflict. Instead of creating or contributing to an argument, learn to let go of trivial things.
- **Decisions and actions affect someone else now.** Recognize that all of your decisions—from trivial to monumental—now involve someone else, their lifestyle, and potentially their finances. Reaching decisions together can help strengthen your relationship and possibly uncover points that you hadn't considered on your own.
- **Defined financial roles and responsibilities are necessary.** Establish financial roles and responsibilities before you move in together—not after the bills start piling up. Determine how household expenses will be split and agree on a fair method of managing joint expenses, like entertainment and eating out.
- **Love doesn't solve money problems.** Because the topic of money sparks most household arguments, most couples will likely argue about dollars and cents at some point in their relationship. Make it a point to have regular finance meetings in your home to discuss goals, income, and expenses.

Living together wisely

Some recommend that it's best to approach cohabitation in the same manner as you would a business relationship by planning for the worst. It isn't pleasant or romantic to plan for the end of your relationship—especially while you are enjoying the happiness that comes with making the decision to move it forward—but it happens. There are laws to protect married couples in the event of a breakup or death. Unmarried partners, on the other hand, do not have the same rights.

Draw up a formal living together agreement

The cohabitor's equivalent of a prenuptial agreement, a living together agreement is a contract that formally defines each person's rights, safeguards their assets, and provides each partner—and any children—similar protections as found in a traditional marriage. Couples primarily want to do what's best for their relationship. But it's important to protect yourself as individuals, too.

A cohabitation agreement can be as detailed as you want. Typically, it spells out how a couple should handle the assets they brought into the relationship, as well as those acquired afterwards. The document does not have to be limited to issues regarding breakups. It can also detail how you will handle your finances while together, such as how household bills will be managed.

Consider including details around the following in your cohabitation agreement:

- What are your expectations of living together regarding the management of shared household chores?
- How will joint expenses like rent/mortgage, utilities, repairs, and décor be managed?
- What specific responsibilities regarding child care and support will be shared?

- What property did each of you bring into the relationship? What should happen to it if the relationship dissolves?
- Are there specific rules that apply to joint financial accounts? How will the money be divided if the relationship ends?
- What can money contained in joint accounts be used for? Are there spending limitations or rules?
- In the event of a breakup, will one or both of you move? Is there a timeframe that a move should happen within?

Like prenuptial agreements, a court can decide to override your cohabitation agreement. But it will generally uphold it if what was originally agreed to still produces a fair outcome, neither party was under pressure from the other, and you were both open and honest about your finances, preferences, and intentions when establishing it. While not necessary, it's a good idea to have your cohabitation contract reviewed by an attorney and signed in their presence.



A common-law marriage is an arrangement where a couple lives together for a period of time and holds themselves publically as married, even though there has been no formal ceremony or marriage license issued. Not all states recognize common-law marriage.

Legal tips and considerations

In addition to formally outlining some ground rules for living together, a cohabitation agreement may also help you protect each other in the event that one partner passes away. Because unmarried individuals living together are legally viewed as unrelated people, they are not usually perceived as having a legitimate interest in each other's assets or property, despite their level of commitment.

A formal cohabitation agreement can help communicate one's intentions for assets and property. It does not, however, take the place of a will or documents to grant decision-making powers. If your wish is for your partner to inherit some or all of your property and assets, work with a financial and legal professional to discuss your intentions and uncover ways to formalize them, which may include:

- Drawing up a will naming your partner as an heir to whatever property you would like him or her to receive.
- Naming your partner as beneficiary on life insurance, retirement accounts, and financial accounts.
- Structuring property ownership to allow it to pass directly to your partner.
- Naming your partner as one with power of attorney over medical, legal, and financial decisions.

And baby makes three

Today, many people are choosing to put baby plans before wedding plans. As a parent, you must nurture and teach your child, as well as provide for their every need. If you are raising a child together outside of marriage, it is important to take appropriate steps to protect him or her.

- **Become legal parents.** A child born to a married couple is legally presumed to be the child of the husband. However, when parents

are unmarried, there is no automatic assumption of parenthood—each partner must be named on the birth certificate to ensure that you are both recognized as the legal parents.

- **Estate planning.** Topics such as trusts, wills, and life insurance may not be the most pleasant for parents to consider, but they are essential. Estate planning is an important responsibility associated with caring for your family.
- **Qualify your child for government benefits.** As long as your name is included on the child's birth certificate, both your biological and legal children are eligible for Social Security survivor benefits.
- **Adopting a child.** Most states allow unmarried parents to adopt children, with each parent assuming equal rights and responsibilities for the child. If you and your partner separate, each of you has a right to ask the family court for custody, visitation, and child support from the other.
- **Adopting your partner's child.** Second parent adoptions are routinely approved by the courts. As an adoptive parent, you have the same rights and responsibilities as a biological parent.



Important Legal Documents for Unmarried Couples

Durable Power of Attorney	When signed, this gives your partner the right to make decisions and sign documents on your behalf. Not all couples want this, but it is something to consider if you will be undergoing major surgery or have a terminal illness.
Health Care Power of Attorney	This authorizes someone to make medical decisions on behalf of another, should they be unable to make their own. Since the Health Insurance Portability and Accountability Act of 1996 went into effect, medical providers are unable to discuss health issues and treatment with anyone other than the patient unless advance permission is granted.
Living Will	A Living Will is also known as a Health Care Directive. It expresses a person's wishes for medical treatment should they be unable to communicate their preferences themselves, such as in cases of terminal illness or should they become incapacitated.
Advance Directive	Often written in advance of an incapacitating illness, this document allows you to state your preference regarding medical care. The advance directive will often include a living will.
Will	A will outlines what you would like done with your property after your death, and it designates an executor for your estate—the person to be in charge of carrying out your final wishes.
Life Insurance	Many couples feel that life insurance is unnecessary if no children are involved and if neither partner depends on the other for financial support. Life insurance, however, can help the surviving partner to pay rent/mortgage, estate taxes, or routine monthly expenses on their own.
Living Trust	Property held in a trust easily passes to heirs without going through probate, which freezes assets while it is underway.
Beneficiary Designations	When accounts hold a designated beneficiary, property and assets avoid the probate process and pass directly to the beneficiary.
Child Care	If both partners are not legal parents, the biological parent may need to provide a document granting the stepparent certain rights, from permission for school trips to authorizing medical treatment. The biological parent should also indicate custodial care, should both partners die or become disabled.

Most couples, married and unmarried, hold real estate as “joint tenants with right of survivorship,” which means that if one party dies, the other automatically inherits the home without having to navigate probate.

Money matters: Ground rules for unmarried couples

Marriage affords couples legal and practical benefits not generally granted to unmarried couples, including estate planning and inheritance benefits; the ability to receive Social Security, Medicare, and disability payments for their spouse; the right to make medical decisions for each other; and certain tax benefits. Couples who live together outside of marriage are legally classified as unrelated individuals and as a result, they have limited rights when compared with married couples. Unfortunately, most make this discovery too late—when a relationship dissolves or when one partner passes away.

Establish financial ground rules

Establishing financial ground rules and exploring estate planning are essential activities for everyone, but particularly important for unmarried couples. Without the legal protection of marriage, even people who have lived together for decades in a committed, loving relationship can

find themselves suddenly vulnerable, unable to participate in end-of-life medical decisions, being turned away from a joint home, or excluded from consideration when an estate is dissolved. To protect yourself and your partner, consider establishing some financial ground rules before moving in together.

On June 26, 2015, the Supreme Court ruled that states cannot ban same-sex marriage. This decision granted same-sex married couples the same legal rights and benefits as traditional married couples.

10 Financial Tips for Unmarried Couples

- 1 Agree to how recurring monthly expenses will be shared or allocated. Planning regular date nights together is necessary for a healthy relationship, but it's also expensive, so it may be beneficial to discuss how entertainment expenses will be managed, too.
- 2 Keep existing bank accounts, assets, and other financial accounts separate. If you choose to establish a joint account to cover household expenses, remember that any overdraft fees are a joint responsibility.
- 3 Maintain the ability to support yourself financially, should the relationship end for some reason.
- 4 Be open and honest with each other about your financial habits and history.
- 5 Discuss each of your attitudes toward money, including how it should be spent and saved.
- 6 While you are unmarried, avoid creating joint debt or accepting one another's.
- 7 Establish and maintain a monthly personal and household budget. Review each on a regular basis.
- 8 Keep good financial records that clearly detail household expenses and each of your contributions toward them. It's also a good idea to maintain this practice for your personal finances.
- 9 Own individual credit cards to help preserve your personal credit rating.
- 10 Decide who gets the house. It may not be a pleasant thought, but should your relationship dissolve, it's best to have details about living arrangements hashed out in advance.



Have the money talk

Finances can be a difficult topic of conversation and it can be tough to find the right time and place to talk. Just as couples may schedule special time together to enjoy dinners or joint hobbies, some find it helpful to schedule regular conversations dedicated to money matters. It may not be the most anticipated or romantic time together, but being open about your finances can help establish sound money practices for your relationship and minimize financial conflict. Consider the following tips:

- **Communicate often.** Many problems, especially those related to money, stem from a lack of knowledge. It is important that both of you know where you stand financially. Make it a point to have regular finance meetings in your home. Agree on how money should be allocated when it comes to joint bills and other expenses.
- **Be honest about financial habits.** It's not uncommon for financial opposites to attract. In fact, couples often find that they have

mismatched money styles. One may be a spender, while the other is a saver. This could lead to tension if not openly discussed. Come together to define financial values and habits where joint expenses are concerned.

- **Recognize individual financial savvy.** Instead of defaulting to traditional financial roles, recognize each other's strengths and divide the financial tasks accordingly.
- **Create a budget.** Outline a monthly budget to help satisfy your living expenses and other financial goals. Strive to build an emergency fund that would cover three to six months of personal and joint expenses.
- **Seek assistance.** If the topic of finances, bills, debt, or savings makes either of you uncomfortable or defensive, seek the assistance of a qualified financial professional or counselor to help guide productive conversations.

Financial planning for unmarried couples

When you have made a commitment to someone, it is natural to focus your energy on what's going well in your relationship, as opposed to planning for potential problems down the road. But, it's important to plan and prepare now to help eliminate some of the stress and surprise that could be experienced later.

For married couples, there are laws in place that automatically benefit the spouse, but this is not the case for unmarried couples. Outside of a legal marriage, your partner will not automatically inherit your assets, or have a say in your financial affairs or medical care if you are unable to make your own decisions. To protect the ones that you care for the most, it is important to establish plans and maintain documents that reflect your commitment and future wishes for each other.

Make estate planning a priority

To ensure that your estate will be handled according to your wishes, proper estate planning is an essential exercise for unmarried couples. The laws that protect married people, their assets, and their families do not apply to unmarried individuals so, without proper protection, your surviving partner could find him- or herself at a serious disadvantage in the event of your death. Your partner may be ordered from a home that you both share, leaving your biological family free to divide and dispose of your belongings as they choose. Or, despite the depth or length of your relationship, your partner may be left out of financial and medical decisions if you become seriously ill or disabled.

- Consult an experienced estate planning attorney.
- Prepare durable power of attorneys for health care and finances, naming your partner as your designee.

- Establish a directive that will grant your partner the authority to carry out your wishes and make funeral arrangements.
- Draw up a will to detail your wishes for certain property.
- As long as you can prove an insurable interest, you can purchase a life insurance policy that names your partner as beneficiary.

Plan for retirement

All couples dream of their retirement together, from where they will live to how they will spend their days. While making the dreams a reality may be more challenging for an unmarried couple, it is not impossible. Because neither partner will be eligible to receive spouse benefits from Social Security or traditional pensions, additional planning will be required to help ensure a comfortable retirement for your partner.

- Designate each other as the beneficiary of your IRAs and retirement plans, if permitted.
- Increase savings to help supplement income that will not be available in the form of spouse benefits from traditional income sources.
- Plan for retirement individually, even if you plan on being together, to help maximize savings and income sources.

With marriage comes certain tax benefits, but unmarried couples may find themselves at an advantage. Not being able to jointly file your income taxes will avoid the common marriage tax that many couples experience. However, it also requires you and your partner to develop and maintain individual tax planning strategies.



Don't go it alone

Millions of Americans are in loving, committed relationships, living with their partners. And there are many reasons why people choose to live together without being married, ranging from personal preference to finances. But just because there were no rings exchanged does not mean that you can skip the money talk or put off planning for your personal and joint future. A financial professional can help you understand your individual situation and develop strategies to maximize income, minimize taxes, and protect those who matter the most to you.



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