



YOUR FINANCIAL FUTURE

Your Guide to Life Planning

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The Financial Implications of Marriage

Marriage affects your finances in many ways, including your ability to build wealth, plan for retirement, plan your estate, and capitalize on tax and insurance-related benefits. There are, however, two important caveats. First, same-sex marriages are not legal in most states, but are recognized by the federal government. Second, a prenuptial agreement, a legal document, permits a couple to keep their finances separate, protect each other from debt, and take other actions that could limit the rights of either partner.

Building Wealth

If both you and your spouse are employed, two salaries can be a considerable benefit in building long-term wealth. For example, if both of you have access to employer-sponsored retirement plans and each contributes \$17,500 a year to a 401(k), as a couple you are contributing \$35,000, double the maximum contribution of an individual (\$17,500 for 2013). Similarly, a working couple may be able to pay a mortgage more easily than a single person can, which may make it possible for a couple to apply a portion of their combined paychecks for family savings or investments.

Retirement Benefits

Some (but not all) pensions provide benefits to widows or widowers following a pensioner's death. When participating in an employer-sponsored retirement plan, married workers are required to name their spouse as beneficiary unless the spouse waives this right in writing. Qualifying widows or widowers may collect Social Security benefits up to a maximum of 50% of the benefit earned by a deceased spouse.

Estate Planning

Married couples may transfer real estate and personal property to a surviving spouse with no federal gift or estate tax consequences until the survivor dies. But surviving spouses do not automatically inherit all assets. Couples who desire to structure their estates in such a way that each spouse is the sole beneficiary of the other need to create wills or other estate planning documents to ensure that their wishes are realized. In the absence of a will, state laws governing disposition of an estate take effect. Also, certain types of trusts, such as QTIP trusts and marital deduction trusts, are restricted to married couples.

Tax Planning

When filing federal income taxes, filing jointly typically results in lower tax payments when compared with filing separately.

Debt Management

In certain circumstances, creditors may be able to attach marital or community property to satisfy the debts of one spouse. Couples wishing to guard against this practice may do so with a prenuptial agreement.

Family Matters

Marriage may enhance a partner's ability to collect financial support, such as alimony, should the relationship dissolve. Although single people do adopt, many adoption agencies show preference for households that include a marital relationship.

The opportunity to go through life with a loving partner may be the greatest benefit of a successful marriage. That said, there are financial and legal benefits that you may want to explore with your partner before tying the knot.

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