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Integrating Employee and Retirement Benefits When You Marry

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What is it?

Marriage is a major life event that can change more than your last name or living situation. Your change in marital status can also alter the benefits you receive from your employer. When you marry, you and your spouse should determine how both of you can obtain maximum employee and retirement benefits at the lowest possible cost.

Tip: *Many employers have fixed periods (the length of which varies, depending on the employer) for new spouses to sign up for various types of benefits. For example, you may only have 30-60 days after the wedding to add your spouse to your health insurance at work. Otherwise, you may need to wait until the next open enrollment period.*

Employee benefits

Health insurance

Generally, health insurance costs less for a married couple than for two individuals. However, some insurance companies may offer only single or full family rates. If both you and your spouse work and have health insurance, you may want to consider integrating your health benefits. You should start by determining which of you has the better of the two plans. Once you determine which of the two plans is more attractive, either you or your spouse should obtain coverage under that plan and drop the less attractive plan. Factors to consider include variety of benefits and costs charged to the employee under each plan.

Example(s): *Fred and Susan, a married couple, both work and have employer-sponsored health insurance. Fred's plan provides dental coverage, while Susan's plan does not. Since coverage for a married couple is cheaper than separate coverage for two individuals and Fred's plan provides more attractive benefits, Fred and Susan decide that Susan will obtain coverage under Fred's health plan and drop her existing coverage with her employer's health plan.*

Tip: *Job security is another factor that you and your spouse will want to consider when deciding whether or not to integrate employee benefits.*

Other types of employee benefits

As a married employee, there are certain benefits you may want to consider that weren't necessary when you were single (e.g., life insurance). When you get married, you should contact your employer's human resources department in order to re-evaluate the benefits that are available to you. Adoption assistance and dependent care assistance can be valuable benefits for a couple wishing to start a family.

Employer-sponsored retirement plans

In general

If both you and your spouse participate in an employer-sponsored retirement plan , you should be aware of each plan's characteristics. Plans may differ as to matching of contributions, investment options, and loan provisions. Together, you should review each plan carefully, determine which plan provides better benefits, and then make that plan the focus of your investment strategy.

Tip: *In addition to determining which employer-sponsored retirement plan provides better benefits, you should review and update beneficiary designations accordingly.*

Matching of contributions

Some employer-sponsored retirement plans will match your contributions to the plan. If either you or your spouse's plan matches contributions, you should determine which plan offers the better match and take advantage of it.

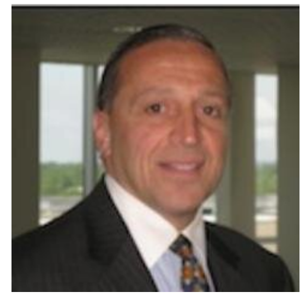
Example(s): *Richard and Mary, a married couple, both participate in employer-sponsored retirement plans. Both plans match employee contributions. Richard's plan matches contributions on a dollar-for-dollar basis up to 3 percent of compensation. Mary's* *plan matches $0.80 on the dollar up to 7 percent of compensation. Richard and Mary decide that they will fund Richard's plan until they exhaust his employer's match and then fund Mary's plan thereafter.*

Investment options

In addition to matching contributions, your plan and your spouse's employer-sponsored retirement plan may differ in the kind of investment options they offer. Plans can offer a wide variety of investments, the performances of which may vary. You should compare the past performances of both plans by requesting performance information (e.g., rate of return) from the plan's sponsor. If the performances differ, you may want to favor the more profitable plan. Another factor to consider is the kinds of investment options the plans offer, such as offering company stock. A plan can also provide you with the opportunity to choose from just a few or among a wide variety of mutual fund investments.

Loans

You may find that some employer-sponsored retirement plans provide loans, while others do not. If you are considering using any contributions that you make to a plan for pre-retirement costs (e.g., a child's college education) or short-term goals (e.g., buying a home), you may want to favor a plan that has a loan provision.



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