

Remarrying in retirement? Look before you leap



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(Photo: Getty Images via iStockphoto)

This is the reality: Baby Boomers are getting unhitched at a somewhat alarming rate.

Divorce can be devastating at almost any stage in life, but it can be downright disastrous to those preparing for or already in retirement.

One of the results, though, is that many are remarrying later in life. And the complications that come with second and third marriages -- ex-spouses, stepchildren and retirement savings -- warrant special attention.

"The divorce rate on second marriages is over 60%," says Manhattan attorney Ann-Margaret Carrozza. "All marriages will end, whether it ends at death or divorce, but there are peculiar and particular property issues

because one or both probably has adult children from a prior marriage."

The divorce rate among adults 50 and older doubled between 1990 and 2010, says the national Center for Family & Marriage Research. And the reasons, according to a new report by Securian Financial Group, are the same as divorces among younger age groups: lack of communication, financial disagreements, differing lifestyle expectations and simply growing apart.

And as complicated as divorce can be, remarriage can present another set of issues. So, financial planners and attorneys have advice for people about to take their second or third jump into matrimony, whether it's after divorce or after the death of a spouse. Tips from the experts:

1. Openly discuss both of your finances.

"The first recommendation I have for couples going into second or third marriage is don't do it alone," says Shelly-Ann Eweka, a financial planning manager at TIAA-CREF. "Talk to financial planning professionals."



Shelly-Ann Eweka is a financial planning manager at TIAA-CREF.(Photo: .)

Most people don't. "Nearly two-thirds of married couples that were wedded last year did not talk about combining their finances or anything about finances," says Kimberly Foss, founder and president of Emprion Wealth Management in Roseville, Calif.. "This is terrible."

Foss, author of the book *Wealthy by Design: A 5-Step Plan for Financial Security*, says she initially advises women "in transition" (divorced or widowed) to not talk about finances until a relationship gets serious.

"But at that age, when it's serious, when you talk about a wedding date, that's the time people should be talking about finances," she says.

Unfortunately, a lot of people who are getting married the second time want to keep their assets separate, says Jennifer Landon, President of Journey Financial Services, Idaho Falls, Idaho. "Often they want to see that the spouse is taken care of. But beyond that they want to make sure anything left goes to their children."

But prospective spouses also need to know how much is already going to the children, says Dan McElwee, executive vice president at Ventura Wealth Management in Princeton, N.J. "Millennials often have huge college debt, but parents often guarantee it."

For instance, he says, suppose a person guaranteed \$250,000 in loans. "If my spouse were not to know about the debt I've guaranteed, that can be a tension point," he says.

2. Both partners need to review each other's credit reports.

"You should be disclosing your credit report; he should be disclosing his credit report," says Foss. "You need to be completely honest about where you stand financially. Finances are the number one reason people get divorced, be it first, second or third marriage. The reason a lot of people don't is because often they don't have courage to talk about where they are financially," she says.

Foss recommends this for first marriages also. "A credit report will show a lot of your history. If you pay your bills or if you've been delinquent. Be honest about money before the marriage so that can alleviate future discord down the road."



Kimberly Foss wrote "Wealthy by Design: A 5-Step Plan for Financial Security." (Photo: .)

You have good reason to know your partner's debts, says Eweka. "You want to know what liabilities or what debt you and your spouse owe. There are some states where debts are joint liabilities, regardless of who acquired it, during marriage. Be aware if there is substantial debt. You and your potential spouse need to communicate openly about plan to pay off that debt. It can be a huge challenge and cause a lot of stress."

3. Remember to change your beneficiaries.

John Bucsek, managing director of MetLife Solutions Group, says one of the biggest mistakes people make when they remarry is forgetting to change beneficiaries.

"Understanding and reviewing your beneficiaries on life insurance, annuities, IRAs is important," he says. "Also, your benefits at work. Quite often people have forgotten about those things. I've been involved where a current spouse forgot to change the beneficiary from his old spouse. But it's binding, and money is going to the ex-spouse."

"There are certain financial assets where you name a direct beneficiary," says Curt Knotick, CEO of Accurate Solutions Group in Butler, Pa. "You have to understand the difference between beneficiary and a will. Beneficiary trumps will. You have to update. If you want your children to receive assets, make sure you update that benefit designation. In addition, CD accounts brokerage accounts, they can be listed as a transfer on death. Make sure it is updated with proper beneficiary designation."

4. Consider a pre-nuptial agreement.

"It's very important that anyone in a second marriage consider a pre-nup," says Carrozza. "Without a pre-nup, state law will give the surviving spouse extensive rights to the estate of the first to die. People in second marriages that didn't get a pre-nup, should consider a post nuptial agreement where they solidify their rights.

Carrozza says bringing up a pre-nup can be awkward for someone about to be married. So, she says, she tells clients to attribute the pre-nup to her.

"It's easier when it's coming from the evil lawyer," she says. "I sometimes soften the blow by saying I know this is the last thing you are thinking about. I become the heavy and say they absolutely have to do it, or the kids will be fighting with each other."

5. Before you add your new partner's name to your home, consider the consequences.

"The single biggest issue involves the family home," says Carrozza. "In a second marriage, the primary residence is more likely to have been titled in one family's name. I don't advise that couple in the second home own the home jointly. If they have adult children, joint ownership will result in a windfall for one side or another. If the individual who owns the home puts the new spouse on the home, she inherits the house. If she dies, her children get it to the exclusion of the original owner's children."

Instead, she suggests a that you keep the home in your name and give your spouse occupancy rights, which will terminate upon that surviving spouse's death, remarriage or a stay in a nursing home. And the home will revert to the original owner's children.

"Children can be a little funny," says Knotick. "A second marriage and third marriage is one of biggest threats to their inheritance."

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