

Finances for same-sex couples: 7 things to consider before 'I Do'

Emily Starbuck Crone, NerdWallet 4:04 p.m. ET June 14, 2017



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Until marriage for all became the law of the land in 2015, most same-sex couples couldn't make their union officially legal, which meant they didn't face some of the same financial concerns as married heterosexual couples.

Justin Brown had been with his partner, Jon Arends, for nearly six years when marriage became an option. They're high income earners, says Brown, a 42-year-old human resources manager in Chicago, so they consulted an accountant.

"There was a penalty financially to getting married, [including] no longer being able to contribute to a Roth IRA — that was impactful to [retirement \(https://www.nerdwallet.com/blog/finance/lgbt-community-prepared-retirement/?trk=nw-wire_292_400098_27222\)](https://www.nerdwallet.com/blog/finance/lgbt-community-prepared-retirement/?trk=nw-wire_292_400098_27222) and my financial goals," Brown says.

Despite the financial hit, they wed for the peace of mind of being each other's legal next of kin and having fewer legal documents to set up, especially for end-of-life decisions and estate planning.

With marriage now on the table, gay and lesbian couples face a new set of decisions. If you're thinking about tying the knot, consider these important financial issues.

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1. Talk taxes

Your taxes may change drastically after getting married, either positively or negatively, says David Rae, a certified financial planner with Financial Planner LA in Los Angeles.

If one partner doesn't work outside the home or makes a lot less money, marriage could lower the couple's tax bill, Rae says. But if you're both high earners, you could lose deductions and pay thousands more in taxes. Meet with an accountant to learn how your taxes will be affected.

2. Discuss government benefits

People in same-sex marriages can now qualify for Social Security based on their spouse's income.

"This is huge for couples, especially if one partner makes less than the other," Rae says. If half of your spouse's benefit is larger than your benefit, marriage could be a financial gain.

However, if one spouse is a low income earner, getting married could cause their Social Security taxes to rise, Rae says. He encourages both partners to get a Social Security estimate to determine how marriage will affect their benefits. You can do this on the [Social Security website \(https://www.ssa.gov/planners/benefitcalculators.html\)](https://www.ssa.gov/planners/benefitcalculators.html).

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Also, if one partner is on government disability or welfare, marriage could cause a loss of benefits due to higher household income, Rae says.

3. Assess health insurance

Most employer health insurance plans offer spousal coverage. If you or your partner has a generous health care plan, getting married and on the same plan can mean major savings, Rae says.

4. Determine financial aid needs

If you have a child and are both legal parents, the incomes of both parents must be reported on the [FAFSA](https://www.nerdwallet.com/blog/loans/student-loans/fafsa-application/?trk=nw-wire_292_400098_27222) (https://www.nerdwallet.com/blog/loans/student-loans/fafsa-application/?trk=nw-wire_292_400098_27222) — the application for financial aid for higher education — regardless of marital status. But if you're unmarried and just one partner is the legal parent, only that parent's income is required.

If you're in the latter situation and marry, both incomes must be reported on the FAFSA, potentially putting your child at a disadvantage for obtaining financial aid or a need-based award, Rae says.

Same thing goes if you or your partner is in school or planning to go back to school using aid or scholarships. This doesn't mean you can't have a wedding, but it may make financial sense to put off legal marriage until after school, Rae says.

» **MORE:** [Six financial issues all same-sex couples should discuss \(https://www.nerdwallet.com/blog/finance/6-financial-issues-samesex-couples-discuss/?trk=nw-wire_292_400098_27222\)](https://www.nerdwallet.com/blog/finance/6-financial-issues-samesex-couples-discuss/?trk=nw-wire_292_400098_27222)

5. Think about gift money

As legal spouses, you can give each other cash or gifts freely. If you're unmarried, however, you're supposed to pay gift tax on money and gifts exceeding \$14,000 per person per year in 2017, according to the IRS. Getting caught is rare, Rae says, but it is a nightmare. Additionally, if you're unmarried and die with a large estate that you leave to your partner in a will, your partner may have to pay estate or inheritance taxes, depending on where you live.

6. Consider domestic partnerships instead

"Being legally married is the only way to get the 1,138 federal rights and responsibilities that are associated with marriage," says Elizabeth F. Schwartz, an LGBTQ-focused family lawyer in Miami, Florida, and author of "Before I Do: A Legal Guide to Marriage, Gay and Otherwise."

But if you believe that marriage would be harmful to your finances, you could enter into a domestic partnership instead. There are various kinds, including those provided by governments (primarily states and cities), plus those offered by some employers nationwide.

Benefits vary depending on where you live and your employment status, Schwartz says. In some states, you get the same rights as marriage, while other places recognize rights related to estates and hospital visits. Domestic partnerships through employers generally provide health insurance for same-sex partners, but Rae says these are less common now that same-sex couples can legally marry.

Domestic partnerships don't happen automatically — you must enroll, Schwartz says — and dissolve it if you plan to legally marry someone else later.

7. Don't rush it

While getting married is exciting and can be financially beneficial, it's unwise for anyone to wed if you're not ready, Rae says.

Michelle Solorzano Daly, a 39-year-old disabled veteran in Austin, Texas, has dated her partner, Kelly West, for three years. Along with friends, they co-founded Wolfpack Productions, which produces events for LGBTQ women. Daly, who can't work a typical job, collects full disability and Social Security benefits.

Getting married would slightly increase the government benefits she receives, says Daly, who's seen other lesbian couples marry for tax breaks and watched military members get hitched for benefits. But since she's financially stable and the VA hospitals she frequents treat her partner like her spouse, she sees no rush to marry.

"I want to get married because it's the right thing to do, not because it's going to financially improve my life," she says.

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The article [Finances for Same-Sex Couples: 7 Things to Consider Before 'I Do'](https://www.nerdwallet.com/blog/finance/7-factors-same-sex-couples-should-consider-before-tying-the-knot/?trk=nw-wire_292_400098_27222) (https://www.nerdwallet.com/blog/finance/7-factors-same-sex-couples-should-consider-before-tying-the-knot/?trk=nw-wire_292_400098_27222) originally appeared on NerdWallet (https://www.nerdwallet.com/?trk=nw-wire_292_400098_27222).

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