

Ep75: What Issues Should Be Considered When Getting Married?

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PATTI BRENNAN: Hi, everybody. Welcome to “The Patti Brennan Show.” Whether you have \$20 or \$20 million, this show is for those of you who want to protect, grow, and use your assets to live your very best lives.

As all of you know who have been listening and watching these podcasts, at the end of every show, I encourage you to reach out to us with any questions that you might have. It could be related to the podcast, or it could be random.

Over time, we’ve accumulated these questions and have started this “Ask Patti Brennan” series, quick vignettes that answer those questions directly and hopefully succinctly, even though I can’t say that word, and really just get to the bottom line. Excuse me, but my daughter is laughing her head off. Excuse me.

All right. Back to this. All right. [laughs] We’ll keep going. The question that we’ve gotten, several times by the way, is “My daughter is getting married. I’m getting married. What issues should I consider before we get married, as it relates to our finances?”

It’s a great question. This is one of those conversations you want to have before you tie the knot. Let’s just get it all out there because it’s not fun if you do it after the fact. First question is “How do the two of you handle your finances? How do you feel about debt?”

One person may be OK with credit card balances and just paying the minimum balance every month. The other person may feel like, “Oh, you’ve got to be kidding me. I couldn’t function that way. That would just hang over my head.” Let’s have a conversation.

Those things are important. Is one person coming into the marriage with more assets than the other person? How do they feel about that? Do you want to combine your finances? Everything is individually held right now. Do you want to combine and put everything in joint names? What are the pros and cons of that?

If this is a marriage that is later in life, does a prenuptial agreement make sense? That’s one of those conversations that’s tough to have because you don’t want to think about this



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as a business arrangement.

Yet the fact of the matter is that you do want to consider, especially if it's a second marriage and especially if there are children involved from a prior marriage, what that would look like if this didn't work out because there's a lot at stake.

It's not just money. It's also feelings. There's nothing worse than a child feeling like, "Gee. Dad got remarried, and his second wife inherited everything." It's not even necessarily the money. It's "I guess I wasn't that important." Just think those things through a little bit. Determine whether or not a prenuptial agreement makes sense.

Again, are you coming in with two homes? Are you going to move into one person's home, or are you going to sell both homes and just buy a jointly owned property? That's also really important. How do you feel about different investments? How do you feel about saving money?

Is it really important for you to fully fund your 401(k) whereas your future spouse might say, "Yeah, I don't really care about that. That's 35 years from now. Let's live for today." That's a very different philosophy. Let's get it all out on the table and find a happy medium. Honestly, you're both right. There's no right or wrong in this. There are just consequences of those decisions.

By the way, not making a decision, not coming to an agreement, is making a decision. Don't let inertia stand in the way. Don't worry. I think you've got to be careful to say, "Well, this is too sensitive. I don't want to be talking about these things. It's not a business arrangement."

Fast forward 5 or 10 years. You're struggling to make ends meet. You've got three kids. You're thinking about college education. These things, money is often the reason why people actually split up.

Think about your tax planning. Are you going to file married, filing joint? If that's the case, that often makes sense from a numbers and cents perspective because the tax law does favor married filing jointly versus married filing singly.

We had a client who one spouse was in business for themselves. They were getting a divorce. Alimony was on the table. When alimony is figured out, it's figured out based on the difference between both spouses' incomes.

The person who was self-employed, their income looked a lot lower because they wrote off a lot of stuff. They wrote off their car. They wrote off their office in the home and a lot of things and meals and things of that nature. Their net income from their business looked a lot lower than the actual cash flow coming into the household.



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If you're signing that tax return, you're signing off on the accuracy and the validity of those deductions. Guess what? That net income is what alimony is going to be calculated on. Again, in a divorce – you don't go into these things expecting to get divorced – just understand that that stuff is all on the table. It is part of the negotiation during the divorce process.

Take a look at, on a more positive side of things – because you know me, I love to be on more positive – what about the insurance issues? Does one spouse have better insurance than the other? I should say future spouse. You want to look into that stuff because it could be meaningful. Same thing with disability.

How about the cars? How do you want to title your cars? Again, think about the insurance issues. Depending on your ages, do you want to have a family? Do you want to get the insurance out of the way, get it while you're young and while it's cheap?

Those family considerations are also part of that conversation because, again, having children can be a rather expensive endeavor. It all comes together in the conversation.

How will the cash flow needs actually change? What's important? How do you want to spend your money? Do you want to spend your money together on making a beautiful home, or are vacations more important? It's as much a values conversation as it is a financial one. Just get it all out on the table so that it doesn't become an issue after the fact.

Again, you just see how your thinking aligns and how this marriage...It's not only a marriage of two individuals who love each other. It's also a marriage of your finances. Keep that in mind as you go forward. Don't be afraid to have the conversation.

You may be tentative. You may feel like you don't want to bring it up. Yet your future spouse is probably thinking the same thing. Have the conversation. Who's going to be in charge of paying the bills? Who's gathering all the information to do the taxes every year? Let's just talk about it.

Again, these things, lots of things to consider. If you have any questions, feel free to go to our website. We're here to answer these questions for you. What are some of the additional issues I should consider if I'm thinking about popping the question? I am Patti Brennan. Thank you so much for joining us today. I hope you have a terrific day.



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