UF UNIVERSITY of FLORIDA IFAS Extension

FCS7249

# Women and Money: Unique Issues – So You Want to Remarry?[1]

Diann Douglas, Martie Gillen, and Lynda Spence[2]

Societal dynamics and their effects on gender roles and family structures underscore a distinct need for financial management education to address the unique issues that women may encounter. This series of EDIS publications, "Women and Money: Unique Issues," encompasses financial management for women across the life cycle and through family transitions. This series focuses on the changes women may encounter throughout their lives and the impact of these changes on their economic status. For the rest of the publications in the series, see http://edis.ifas.ufl.edu/topic_series_women_and_money_unique_issues.

## Introduction

Whether widowed or divorced, if a second marriage is in your future, it may be advisable to look before you leap. Second marriages have a higher failure rate than first marriages (Bramlett and Mosher 2002). They are often more complex and have stresses not found in many first marriages. Take your time to consider all of the financial circumstances between you and your future spouse before you remarry.

## Personal Finances

In any marriage, one big issue that needs to be discussed is money. It may not seem romantic to talk about finances, but it is very practical and can keep unpleasant surprises from arising once you are married. Money can be a source of conflict in any relationship, but it can be a major problem in a second marriage if a spouse brings unexpected financial baggage. For example, if a future spouse has been through a divorce, there may be debt and child support payments, so parts of his paycheck may be obligated for some time to come.

People of different ages or at different stages of life often have a very different financial picture. For example, a woman with school-age children at home will likely face different financial circumstances than a woman with adult children on their own. You have to look at your personal financial situation and that of your fiancé. You don't want to find out after the honeymoon that your new spouse has more money going out than coming in each month.

Set a money date with your future spouse to share financial information. Consider ordering credit reports and share credit histories. Review your incomes and debts, and talk about how money will be handled. Will you pool all of your money? Will you keep separate checking accounts and divide the expenses? Make sure to have a conversation about money values and goals.

If you both own a home, will you sell one or will you sell both of them? Will a new residence be purchased, and can you afford it? If a person's name is still on a mortgage of a home occupied by an ex-spouse and children, you may not have the income to be approved for an additional mortgage.

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2. Diann Douglas, county Extension director and Extension agent IV, UF/IFAS Extension Madison County; Martie Gillen, assistant professor and Family and Consumer Economics for Older Adults specialist, Department of Family, Youth and Community Sciences; and Lynda Spence, Extension agent I, UF/IFAS Extension Marion County; UF/IFAS Extension, Gainesville, FL 32611.

Figure 1. If you plan on remarrying, you should examine your and your future spouse's finances to make sure there are no surprises going into the marriage.
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## Supporting Children from Two Families

Blending two families can be complicated when it comes to finances. If there was a previous divorce, do child support payments arrive in a timely manner? Will the custodial parent be expected to pay all of the children's expenses? If a stepparent does not want to share income to pay for the stepchildren's expenses, life may become tense at home.

For a family who experienced the death of a parent and have minor children, a remarriage will not stop the children's Social Security survivors benefits (Social Security Administration 2012). That money should continue to be used for those children's financial support. However, Social Security survivors benefits to the widow will stop if remarriage occurs (Social Security Administration 2011).

Couples need to examine child support, child care, health insurance, tax exemptions and dependents, and college education expenses, among others. How will these be handled and will each spouse be responsible for his/her own children or will some expenses be blended? It is a lot to consider, and the plan may need to be revised as time goes by.

## Financial Considerations

Special circumstances may warrant postponing a second marriage. Those filing taxes as single-parent head of households with school-age children may receive tax breaks. A marriage might drastically reduce or eliminate those benefits, leaving you with a reduced income. Analyze what your financial situation would look like if you remarried and no longer qualified for the tax benefits.

If you receive alimony payments, the payments may cease upon remarriage. Check the terms of your divorce, or, better yet, consult your lawyer. Losing alimony payments may not be a financial catastrophe, but you need to be prepared to adjust your income (Johnson 2011).

College-age children may receive financial aid because of your single income status. If this is the case, take a look at how a new spouse's income may change the total household income. If the grants and scholarship opportunities go away because of a higher income bracket, it might be a better decision to postpone marriage until the kids graduate from college (Johnson 2011).

A widow receiving or due to receive retirement benefits from a deceased spouse's retirement fund should verify if she is eligible to receive money if remarried. You don't want to be surprised to find you are no longer eligible to receive your deceased husband's retirement after the wedding.

Social Security payments may change or stop, depending on your age. Sixty is an important age for widowed women. If she remarries, a woman under 60 will lose Social Security survivors benefits based on her deceased husband. Widowed women who are 60 may be eligible to receive Social Security retirement benefits as a surviving spouse based on the former spouse's work history, if she was married to the former spouse at least 10 years and is not entitled to a higher benefit based on her own work record (Social Security Administration 2011).

According to the Social Security Administration (2011), a woman can receive Social Security retirement benefits as a divorced spouse on a former spouse's Social Security record if she meets the following criteria:

- Married to the former spouse for a minimum of 10 years
- At least 62 years old
- Unmarried
- Not entitled to a higher Social Security benefit based on her own work record

## Consider a Prenuptial Agreement

Second marriages involve more financial considerations. Many people enter second marriages with assets, so you may consider obtaining a prenuptial contract. Seek an attorney's advice and have a legal document drawn up. In Florida, assets owned before marriage are considered "premarital assets" and are not subject to division if the marriage dissolves. However, the increased value of assets during the marriage may be considered a marital asset, and the increased value may be divided. This might apply to a retirement pension, investments, and increases in property value (Griesinger 2012).

For older couples with adult children, a prenuptial agreement can designate your heirs to inherit the estate you and your first spouse took time and effort to build. This should be discussed and completed before the wedding.

A prenuptial contract should specifically define the terms you and your spouse agree on. It will define who owns what and how things will be divided if the marriage ends. Do not attempt to write it yourself; retain an attorney to do the legal work.

## Beginning the Financial Conversation

If you feel uncomfortable discussing your finances and don't know where to begin the conversation, here is a list of suggestions:

- Share your past experiences with money and explain your current practices.
- Disclose current debts and your debt repayment plan.
- Look at the cost of child support and the amount of money it takes each month.
- Discuss how you will handle finances together.
- Examine living expenses and develop a spending plan agreeable to both of you.

## Conclusion

Getting remarried can be an exciting time, but make sure that you analyze your personal financial situation and your combined finances before you tie the knot. Have honest conservations with your future spouse, review each other's credit reports, and come up with a family spending plan that takes into account all of the debts and financial obligations both of you are bringing to the marriage.

If blending two families is too financially difficult, making the decision to postpone the marriage doesn't mean you have failed. It means you have been objective in looking at finances and have come up with the best solution for the current situation. Postponing marriage until children are out of the home and on their own may be a workable option.

## For More Information

See the EDIS series "Building a Spending Plan" at http://edis.ifas.ufl.edu/topic_series_building_a_spending_plan or http://edis.ifas.ufl.edu/he827.

## References and Additional Information


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