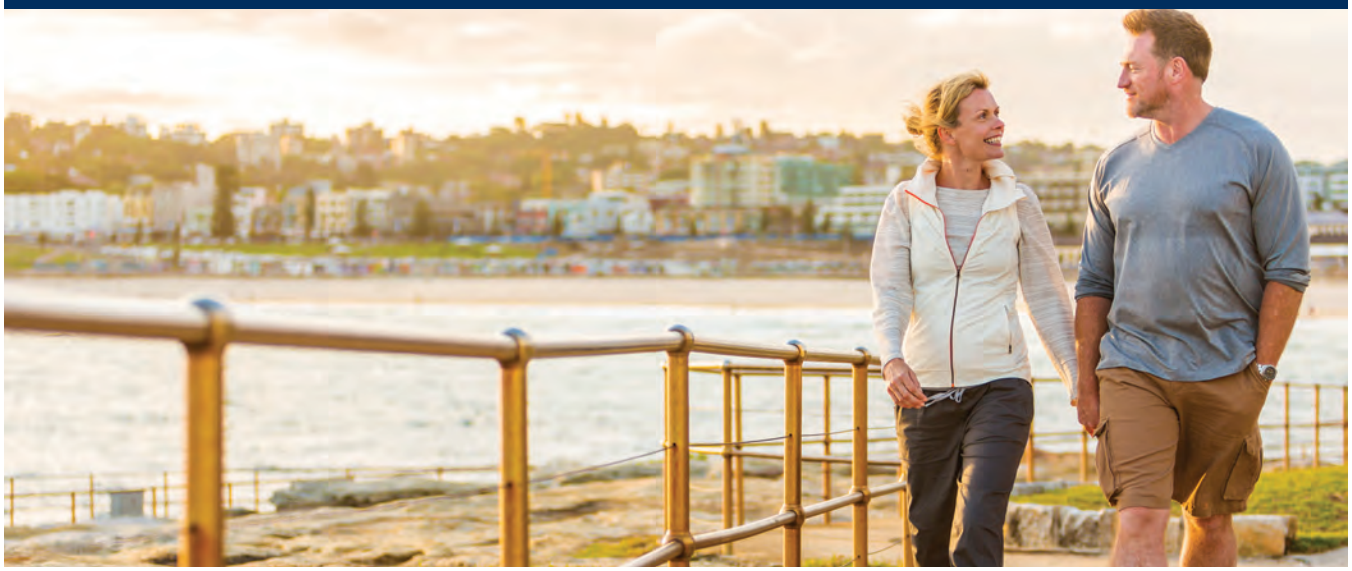
SUCCESSFULWOMEN

TIMELY INVESTMENT AND FINANCIAL PLANNING TOPICS



The realities of remarriage

A new union can and should change your financial picture

For a variety of reasons, second (or third) marriages are becoming the norm. With them come blended families with ex-spouses, stepkids, half siblings and a whole new financial picture. We're not discounting the power of love, but if you're contemplating getting married again, there are questions you need to ask – and answer – to help your new marriage withstand some of the common pitfalls that can trip up a relationship.

WHAT ARE YOUR PRIORITIES?

In any new marriage, you'll need to establish your joint financial priorities and set the wheels in motion to try to achieve them. It starts with taking inventory of your collective assets and liabilities, property, insurance coverage, banking, retirement and brokerage accounts – pretty much anything that has to do with money.

Marriage is about love and trust, so when you're discussing money matters, you'll have to talk about your debt and obligations, too. Discuss how much debt you each have, your credit histories, and what exactly you owe to other parties.

There are questions you need to ask – and answer – to help your new marriage last.

What if alimony isn't enough for an ex who constantly demands more? Or you use debt to buy lavish gifts for your children out of guilt after the divorce? Your intended should know about those payments so you can work together on a plan to take care of your family without jeopardizing your financial future together.

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The realities of remarriage (cont.)

You'll also want to think about how much each of you will contribute if there are disparities in income and to what accounts (yours, mine and ours, perhaps?), as well as how you'll pay for your children's needs and bills you incur as a family. Make sure to re-establish a "rainy day" or emergency fund, especially if your divorce took a toll on the funds you had saved. Consider setting aside some money for the fun things in life, too, like travel, concerts and dining out.

It's a good idea to meet with your professional advisors and review what you've accumulated individually and how to put those assets to use to help you achieve your new financial goals. This is the time for full disclosure and getting on the same page. Whatever you decide will guide your planning decisions when it comes to investments, budget and your savings.

WHO GETS WHAT AND WHEN?

Getting married is one of those life events that should automatically trigger a review of your estate planning documents. It's an opportunity for each of you to review your will, trust documents and beneficiaries on everything from your financial and retirement accounts to insurance and annuities. You'll also need to determine how your property will be titled.

WHAT ABOUT THE KIDS?

With second marriages often come blended families or the creation of a new one. Ideally, everyone will get along, and you and your ex will easily come to a fair agreement as to which family will pay for certain expenses. But it doesn't always work that way. The court will mandate certain responsibilities, but invariably non-obligatory expenses will crop up. Decide now whether one of the biological parents will be responsible for this support, whether it'll be a joint expense between the parents or whether you and your new spouse will pay and where the money will come from.

WHAT ABOUT RETIREMENT?

And as you consider your financial realities, don't forget to take your future wants and needs into account. When it comes to retirement planning, there are a number of factors to consider. And some depend on the divorce decree from the earlier marriage. Did the ex-spouse claim half of the retirement assets in the divorce? If so, that means you may have less to retire on as a couple, and you'll need to plan for that.

Social Security benefits also come into play, particularly if you're considering marriage later in life. Social Security rules allow exes and widows/widowers to collect benefits on their previous spouses' records under certain circumstances. But remarriage generally means those spousal benefits will go away unless the later marriage also ends (see ssa.gov for more information).

DO YOU WANT OR NEED A PRENUP?

Even if you collectively decide to exclude your new spouse from inheriting, most states give spouses the right to one-third to one-half of your estate. This "elective share" is a given, unless you stipulate otherwise in a valid, well-drafted prenuptial agreement. Prenups are becoming more common as people acknowledge the prevalence of divorce and the effect financial disagreements can have on a relationship. This legal contract supersedes local laws and details what you want to happen to your assets in the event of a death or divorce.

FOR BETTER OR FOR WORSE

As you consider merging your lives together, for better or for worse, take into account that second marriages and blended families add complexity to your financial and retirement planning (even as they bring emotional richness to your life). The key is to balance the complicated issues that blended families face with careful planning. It's important to work with your loved ones, financial advisor and/or attorney to establish ways to preserve assets in a way that makes sense for you and your family, whatever form it takes. ■

NEXT STEPS

- Consider a trust to protect the inheritance of children from prior marriages
- Discuss a pre- or postnuptial agreement
- Update wills and other beneficiary accounts
- Re-evaluate life insurance needs
- Coordinate healthcare and retirement benefits

Nurturing moneywise children

Teach your children to treasure their financial legacy

Most parents appreciate the importance of traditional education in their child's development considering the obvious intellectual and social benefits. Yet all too many forget that a financial education is also crucial for ensuring their offspring's long-term well-being.

The good news is it's never too early or too late to begin sharing your financial wisdom and experiences with your family. By taking the time to teach your children the value of money, you'll have the comfort of knowing they'll understand how to care for their own financial legacy when the time comes.

AN ESSENTIAL SKILL

Like reading, financial literacy is an essential skill, but unfortunately, it's not typically taught in school. Rather, it's up to parents to pass on their financial knowledge to ensure the next generation is capable of taking care of the wealth they've built.

Pre-kindergarten age is a great time to introduce the basics, including the idea that you must work to earn money in order to pay for items and services, as well as the value of different coins and bills. As they get a little older, your child can start doing chores and earning an allowance. Help them go through the motions of saving up for something they'd like to buy and deciding whether or not it's a worthwhile purchase.

With pre-teens and teenagers, there are several other steps you can take, such as helping them open a savings account with their earnings from chores, babysitting or other jobs. Share your own tips on managing a budget and introduce them to the concept of investing and saving for retirement. Simply being transparent with your children about the realities and costs of living can go a long way in preparing them for the future.

SHARING YOUR FINANCIAL LEGACY

While products such as trusts and wills can help ensure your wishes are carried out, they can't give your heirs the true understanding of how to save, grow and spend money wisely. In fact, if your children are going to receive a sizable inheritance, they may get overwhelmed by sudden wealth without a solid foundation to rely on. It's also a good idea to introduce your children, when they're ready, to your financial advisor and other professional partners, so they'll know where to find expert guidance when dealing with money issues.

NEXT STEPS

- Write out a sample budget with your children, explaining the expenses you have each month, such as utilities and groceries
- Help them open a savings or checking account
- Schedule a time for your children to join you for a meeting with your financial advisor

Caregiver connections

Whether in-person or online, connections fostered among caregivers provide long-range benefits

As the population of our country ages, the face of caregiving is changing along with it. Today, 80% of those providing long-term care in the United States are not healthcare professionals – instead, they are family members and even friends. There are 40.4 million unpaid caregivers of adults ages 65 and older in the United States. Most help one aging loved one, but 22% help two, and an impressive, but likely overwhelmed, 7% help three or more.*

With this shift from the clinical to the familial comes another change: A majority of those same individuals do not self-identify as "caregivers," despite providing assistance to loved ones on a regular basis. This may not seem like a problem, until you consider that caregivers who don't truly understand their role are less likely to connect with those around them for support and encouragement.

A CARING COMMUNITY

Fostering connections with those who understand what you're going through can make the road you're traveling easier to navigate. By standing together, caregivers create a community through shared experience that's widespread and accessible anywhere, both in their local area and through online platforms.

Many caregivers enjoy participating in community events, attending support groups or gathering over brimming cups of coffee. Group text messages are easy to create and maintain, and provide a safe space to exchange well wishes, best practices, uplifting messages and more. Scheduling regular get-togethers with nearby caregivers is another way to connect, providing an outlet as well as a wealth of resources.

TAP INTO YOUR VIRTUAL NETWORK

An internet connection can also play an important role in your caregiving experience, cluing you in to new advances in medicine and technology. Not only that, but a majority of caregivers who have accessed online information say that it has helped them cope with stress.

When venturing into online spaces, search out message boards with discussions that reflect your own experiences, pencil in video chat dates with faraway friends, and read up on all the internet has to offer – from in-depth research to lighthearted blog posts. There's no limit to what you can find.

CONNECT AND REFLECT

As a caregiver, you're part of a community of empowered individuals who give of themselves to better the lives of those they love. And since we're on the topic of connections, it's important not to forget the greatest connection that can be strengthened during your time as a caregiver: the one you share and are fostering each day with your loved one.

NEXT STEPS

- Connect with someone who can relate to your caregiving experience
- Explore a message board for added caregiving insight
- Have a conversation with your advisor about the financial implications of caregiving

Sources: bls.gov, pewinternet.org; *Pew Research