



WILLIAM E. BRYANT

CERTIFIED PUBLIC ACCOUNTANT

2524 ELEVENTH AVENUE SOUTH, MINNEAPOLIS, MINNESOTA 55404-4501

TEL. (612) 872-9684 FAX (612) 879-9954

Web Page: <http://www.bryant-cpa.com>

E-mail: web@bryant-cpa.com



Marriage Planning & Economic Considerations

There are many attributes to marriage. Generally, they include many social considerations based upon cultural and religious traditions. But there are also some very important economic considerations that need to be addressed in marriage as well. Our discussion today will focus solely on these economic considerations.

1. **Legal:** In the State of Minnesota there are no “Common Law” marriages. In other words, you are either legally married or you are not legally married. There are no 7 year co-habitation tests to be met, nor any other determinations that apply in this state, as compared to California, for example.
2. **Tax Status:** Your tax status under the Internal Revenue Code is determined by your legal status as of the last day of the calendar year. For example, if you married on December 31, 2005 then you are considered legally married for the entire year of 2005.
3. **Married Filing Joint vs Married Filing Separate:** We will go thru some examples of these differences, with full knowledge that the so-called “marriage penalty” has been corrected in 2003.
4. **Estate Planning:** You can accomplish much of any inheritance wishes so long as your titles and beneficiaries are designated properly. This includes real estate. This is true even if there is no Will, but be advised that the titles and beneficiaries designated can override the wishes outlined in a Will.
5. **Joint Ownership:** We will touch upon the legal aspects of joint ownership, whether property should remain in separate legal title and etc. We will also talk about the differences between secured and unsecured debt and how that plays a part in your estate planning (mortgage refinancing).
6. **Financial & Economic Planning:** Each spouse must recognize the financial risks involved should one spouse become financially insolvent, or be liable in a lawsuit in which financial damages are awarded. This can have a negative impact on real assets, personal savings and future earning power.
7. **Insurance (Health, Life & Disability):** Everyone must realize that any unforeseen change in health could deplete the financial assets of both parties, should one spouse become ill or permanently disabled. This is why adequate health, disability and life insurance policies are important to review and to constantly update. One should not rely solely on retirement savings or Social Security.

These are just some of the very important talking points in our discussion, when contemplating marriage. I am not an Attorney, so I must also advise you both to seek additional legal advice on these topics, or if there should be a need to draft any Pre-Nuptial Agreements. I have some legal referrals for your consideration.

I look forward to our meeting and I hope that I can provide you some guidelines that will assist you in your decisions, as far as the overall economic aspects of a marriage are concerned.

Sincerely,

William E. Bryant, CPA, CVA.

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