

SPECIAL “JUNE GROOM” TIP OF THE MONTH

We know some good photographers and Florists, however without being Wedding Planners or Marriage Guidance Counsellors, McLean Reid do have a few thoughts to share with you on Nuptial Bliss.

Getting Married

With regard to legal treatment, there are several differences for married couples.

Unmarried couples don't:

- Inherit each other's property automatically. Married couples have the intestacy rules to support them if they do not have a will. Under the law, the surviving spouse will inherit (at the minimum) a fraction of the deceased spouse's property.



- Have the privilege to speak for one another in a medical crisis. In the case that your life partner loses capacity or consciousness, someone will have to make the go-ahead decision for medical purposes. If it should be you, but if you haven't filed certain paperwork, you may not have the ability to do so. What this means in practice is that you need a “Lasting Power of Attorney”, and we'll be pleased to explain what this is and how it works.

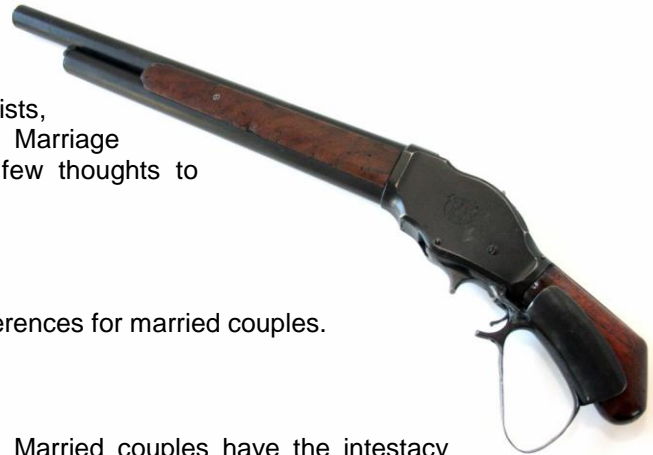
- Have the privilege to handle one another's finances in a crisis. A married couple that jointly own assets is less affected by this problem than an unmarried couple. There is a separate Lasting Power of Attorney available to cover this, and we'd recommend it.

What are the particularly important estate and financial planning steps for unmarried couples?

Below are steps that are important for couples that are unmarried:

- Draft wills. The chances of the intentions being followed through with after a death are greater if both partners make wills. Without wills, the probability of the unmarried surviving partner having no rights is more likely.
- Think about owning property together. This is a way to guarantee that property will pass to the other joint owner at the time of the other's death due to the right of survivorship. We can explain the differences between “tenancy in common” and “joint tenancy” – this affects married and unmarried couples (You don't know which you have?!?!??).
- Make a “Property and Affairs” lasting power of attorney. This will permit the partner to sign papers and take care of other financial issues on his/her behalf should one become incapacitated.
- Make a “Personal Welfare” power of attorney, as intimated above this permits the partner to talk on your behalf and to make medical decisions, should you become injured or ill. Obviously a good idea for married folk, too.

Is more insurance necessary for married couples?



In the case of death, life insurance will provide a form of income for your dependents, children or whoever is your beneficiary. Married couples, or those in long-term relationships usually require more life insurance than singles.

Having someone dependent on your income will determine if you need to have life insurance. If someone such as a child, parent, spouse or other individual is dependent on your income, you should have life insurance. Unless will and insurance policies, etc are set up properly, unmarried partners can easily be disadvantaged. The following are situations where life insurance is particularly necessary:

- Single parents or families with young children or other dependents: The younger your children the more insurance is necessary. Insurance should be in proportion to the amount earned. If both spouses are working, they should both be insured. If both earners cannot afford to be insured, the primary wage earner should be the first to be insured and the secondary will follow. A less expensive “term” policy may be used. Insurance should be bought to cover the absence of services such as childcare, bookkeeping, housekeeping, which are provided by the spouse that works within the home. The insurance that covers the non-wage earner is secondary to the insurance that covers the wage earner's life, if funds are scarce.



- Adults that have no children or other dependents: You will need less insurance than people in the previous situation if your spouse can live comfortably without income. However, some form of life insurance is probably still necessary. You will want at least enough to cover burial expenses, to pay off any debts you may have acquired, and to provide an easy transition for the surviving spouse. You may want to buy more insurance if you think your spouse would go through financial hardship without your income or if your savings aren't adequate. This depends on your salary level as well as the amount of your spouse's, the amount of savings you have and the amount of debt incurred.
- Single adults without dependents. Unless you would like to use insurance for the purposes of estate planning, you will only need insurance to cover expenses for burial and debts.
- Children. Typically, children only need life insurance to cover such things as medical costs, and generally we feel you'd be better seeing Champion Financial Advisors about a “Junior ISA” to be used as a long-term savings instrument.
- Mortgage protection, health, and critical illness cover are likely to be a good idea, if not essential, for most couples and many individuals.

Who needs to be notified if a spouse changes their name after marriage?



All organizations that you had correspondence with while using your unmarried name should be notified. You can begin with the following list:

- The DSS and HMRC
- DVLC
- Post Office
- Investment and bank accounts
- Employer
- Electoral Roll (remember, this is used by all credit agencies)
- Credit cards and loans

- Club memberships
- Pension Providers
- Subscriptions
- Passport office
- Insurance agents (be careful if you use on-line insurance).

In many of these cases McLean Reid and Champion Financial can handle the notifications for you.

Should I update my will when I get married?

Definitely. Marriage invalidates all previous wills unless they make specific provision to a specific future marriage.

After marriage, what are the tax implications?

Under self assessment, you remain separate taxpayers, however there are some useful exemptions, notably in transferring property so as to mitigate capital gains tax and, on death, inheritance tax. We referred to alternative ways of owing property above, and of course this may need to be addressed on marriage (or cohabitation). It may be possible to manage your joint income or gains so as to minimise tax.



Happily Ever after

Ordinarily, there are few tax reasons not to get married and some persuasive reasons why you should. This is not to reprise the old Doris Day & Rock Hudson film "Dear Deductible", but married men apparently live longer, and it is by no means certain that terminating a long-term relationship is any easier when you are not married. Married readers may not all agree, and single readers may not be moved, but either way there are a few points mentioned that almost everybody needs to address...or forever hold your peace!