



Stewardship Challenges for Unmarried Couples

As I drove my retired aunt to the Coast Guard station on Alemeda to get her military identification card updated, I was reminded of why some older couples live together without the benefit of marriage.

Despite the natural desire for life companionship, a military widow would lose her military pension if she were to marry—a financial hardship that might tip the balance to insolvency. For others—such as same gender couples—there are legal barriers to marriage.

Whatever the reason for not being legally married, unmarried couples face particular challenges in their financial and estate planning. While married couples may face a “marriage penalty” affecting their income tax, unmarried couples can face much greater penalties by not qualifying for very significant concessions enjoyed by lawful spouses—such as the availability of the unlimited marital deduction.

Thus, the same gifts or inheritances that can be given tax-free between spouses may be subject to taxes when made between unmarried partners. Nor are real estate tax allowances for spouses in California, a community property state, extended to unmarried partners. For example, the jump in real estate taxes on a co-owned home upon the death of an unmarried partner may precipitate the surviving partner having to sell.

Healthcare decision-making is another important area of stewardship where unmarried partners face special obstacles. When a person is incapacitated, legal spouses and blood family have legal authority that unmarried partners generally do not have. A distant or estranged relative may end up making decisions for a hospital patient while the patient’s life-partner can only helplessly stand by and watch .

The good news is that some of these legal disadvantages can be planned around. For example, an Advance Healthcare Directive can give primary healthcare decision-making authority to a loved one who is not a relative. A well-drafted revocable living trust can accomplish for unmarried partners results that are similar to prerogatives enjoyed automatically by those who are married. Some attorneys and financial planners have special expertise in this area.

Two up-coming church-sponsored workshops will deal with these topics. “Estate Planning for Domestic Partners” (May 4) and “Estate Planning for Non-Traditional Households” (May 17) are free and open to all. For more information or for names of expert professional advisors, contact the Gift Planning Department.

As stewards we are called to be smart as well as generous. Whether our personal circumstances are single, partnered or married, our Christian stewardship means caring for the assets that God has given us.

The Rev. Richard L. Schaper, CFP
(415) 869-7812 or RichardS@diocal.org

Gift Planning Officer, Diocese of California
<http://gifts.diocal.org>