

A young couple is sitting at a wooden table in a cafe or office setting. The woman is leaning over the man, looking at a laptop screen. They are both smiling and appear to be engaged in a conversation. On the table, there is a blue mug, a glass of water, and a small potted plant. The background shows a brick wall and some office equipment.

# Navigating Financial Basics as a Newlywed

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The twenties and thirties are an ideal time for establishing future financial success. However, various and competing financial goals and responsibilities such as student loans, home purchases, raising children, and saving for retirement can be overwhelming. Diversified Trust has compiled a series to help guide young people toward a brighter financial future.

Congratulations! You're a married couple. What was once "mine" and "yours" is now "ours." But where to begin, how to go about it, and what does all this sharing mean? We've put together a useful guide that will hopefully make those first few financial endeavors as a married couple a little less daunting.

*Over the next twenty years, older Americans are projected to hand down approximately \$70 trillion to their Millennial and Gen X heirs in the Great Wealth Transfer. Gen X (born 1965-1980) will inherit 57% of these assets, while Millennials (born 1981-1996) will inherit 43%.*

## ► WHAT'S IN A NAME?

For some, the first marker of married life is a name change. But with so many accounts associated with our names, it can be hard to keep track of everything that needs to be updated. To help streamline the process, begin with Social Security. Visit your local Social Security office with the required documents and you'll be well on your way (see sidebar). Once you have legally notified the Social Security Administration of your name change, you can proceed to the DMV and your local bank to update your driver's license and bank accounts, respectively. From there, you should be able to easily update your remaining accounts, such as frequent flier accounts, loyalty programs, and more.

Outside the financial realm, you will also want to update your medical records. HIPPA rules make it difficult to access medical records when they are under two names. It's a good idea to change the name on all of your medical records as soon as you can.

## ► SHOULD WE SHARE?

Many married couples choose to open a joint checking or savings account. This is an account owned by more than one person in which each person has the right to withdraw or deposit funds. This can make sharing household expenses easy to facilitate. However, there is always a risk when more than one person is using funds in an account. A joint account requires communication and honesty to maintain a sufficient balance

Whether you choose to combine assets, it's important that you designate someone other than yourself (e.g. spouse, parent, sibling, advisor) who can access those funds upon your death or disability. You will, of course, want to designate someone you trust.

### SOME OF THE REQUIRED DOCUMENTS INCLUDE:

- **Documentation of Citizenship**  
U.S. Birth Certificate or  
U.S. Passport
- **Documentation of Age**  
U.S. passport, U.S. birth certificate, U.S. hospital record, or religious record before age 5 showing date of birth
- **Proof of Identity**  
U.S. Driver's License, State-issued identification, U.S. passport, Employee identification card, school ID card, health insurance card, U.S. military ID
- **Name Change Document**  
Marriage document, divorce decree, certificate of naturalization, court order approving the name change

## ► WHO OWNS WHAT?

As assets become shared, it's important that accounts are titled correctly to ensure they are set up the way you intended.

A common question is the difference between **joint assets** and **tenancy in common**. Because they are based on dual ownership of a single asset, they are often confused as being interchangeable. There are, however, some important differences.

The biggest difference is in the **rights of survivorship**, or how these assets pass upon death.

Upon death, an owner's share of a jointly-owned asset automatically passes to the other joint owner. For example, a spouse's share of a jointly-owned house would automatically pass to the surviving spouse upon death.

Owners of assets held as tenants in common do not have rights of survivorship. So, if a married couple owns a home via tenancy in common, the deceased spouse's share would pass to whoever the deceased designates in their will, rather than directly to the surviving spouse.

**Community Property** passes in the same manner as tenancy in common, but community property is only recognized in nine states in the U.S. and is only available to spouses or recognized domestic partnerships.

**Tenancy by the entirety** is a type of joint ownership only available to spouses and usually relates to owning real estate. Tenancy by the entirety is recognized in Tennessee and North Carolina, but not in all states.

## ► AND WHO GETS WHAT?

Once you're married, it's important to confirm beneficiary designations in the event of your death. Our clients often focus on how their will is drafted, assuming that whatever is stated in the will automatically takes place upon their death. While this is true for most assets, it is not the case for retirement accounts, life insurance policies, annuity contracts, 401(k) plans, IRA accounts, and others like those with a designated beneficiary. Because these accounts transfer by contract (not terms of a will), whoever is designated as the beneficiary of the account will be the recipient.

It is a good idea to review your beneficiary designations on an annual basis or whenever significant life events occur.

## ► IN CASE OF AN UNHAPPY ENDING

With around 50 percent of all marriages ending in divorce, it's important to plan ahead in case the worst happens. Dividing assets when emotions are running high can get messy. If a spouse-to-be owns significant assets prior to the marriage, either individually or through family inheritances or trusts, you may want to consider a prenuptial agreement.

#### IMPORTANT NOTES AND DISCLOSURES

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