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# Marriage, Though Unfashionable, Has Financial Upsides

*By: Eileen Ambrose*

Nearly four out of 10 Americans in a recent Pew Research Center survey said that marriage is going the way of paper maps, VCRs, landline phones and handwritten thank-you notes.
But even if the institution becomes passe, it is still the best financial route for many. While public policy and employer benefits are gradually changing to reflect the evolving definition of family, they still often give a financial edge to married couples.

"To me, there are so many things that encourage people to marry for financial reasons," said Steven Weisman, a lawyer who teaches a "Marriage, Separation and Divorce" class at **Bentley University** in Massachusetts.

Here are some important money matters and how singles and married couples fare under each:
SOCIAL SECURITY: Married couples by far enjoy more advantages under Social Security than singles.

If you never held a job, you are still entitled to retirement benefits based upon a spouse's work history. Or, if the spouse with the higher monthly Social Security check dies first, the other can get a bump up in payments to match the deceased's benefit.

Even if you are divorced but were married for at least 10 years, you still can collect benefits on your former mate's record.

Singles can only get benefits based on their own work history.
But Social Security isn't just for retirees. "More accurately, think of it as a family protection plan," said Nancy Altman, author of "The Battle for Social Security."

If a parent dies leaving young children, the kids will get benefits until a certain age as well as the surviving spouse taking care of them. But if the parents aren't married, only the children will receive benefits.

And though some states allow same-sex marriage, Social Security doesn't recognize these unions.

PENSIONS AND 401(K)S: Since the mid-1980s, the law has protected spouses - primarily women, who tend to live longer - from running out of money in old age, said Rebecca Davis, legislative counsel with the Pension Rights Center.

A spouse is entitled to survivor benefits under a traditional pension. But if that right is waived, the worker can receive larger pension checks in retirement.
Single partners usually don't have survivor protections. A pension in most cases dies with the worker, Davis said, although some employers allow workers to designate a domestic partner as a beneficiary.

Similarly, a 401(k) will automatically go to your spouse if you die, unless your husband or wife forfeits a claim to it, Davis said. Singles can name any beneficiary they want.

INCOME TAXES: For decades, couples have complained of a "marriage penalty," in which joint filers pay more in taxes than if they were single.

The Bush-era tax cuts that were recently extended brought some relief. For example, the standard deduction for married joint filers is now twice the amount for a single person. They used to get less than double.

But other marriage penalties linger, with singles generally coming out ahead of power couples working at high-paying jobs, said Melissa Labant, technical manager with the American Institute for Certified Public Accountants.

Consider two singles and a married couple with each person earning $200,000. Combined, the two singles would pay $102,285 in federal taxes, Labant calculated using 2009's tax tables. The married joint filers would pay a total of $110,362, or $8,077 more, she said.

That's because single and married filers use different tax tables, Labant said. And, as income rises, married filers are thrown into a higher tax bracket sooner, she said.

Other examples of marriage penalties that remain: The maximum deduction for investment losses and student loan interest is the same whether you're single or two people filing jointly, said Bob Scharin, senior tax analyst at Thomson Reuters.

But taxes are complex and can yield a marriage benefit under different circumstances, Scharin added. For instance, high wage earners married to someone making little or no money can be eligible for deductions or credits that they wouldn't get if single, he said.

Married couples filing separate returns often have more limits on tax breaks than singles or joint filers.

Couples filing separately, for instance, aren't eligible for the earned income tax credit that can put cash in the hands of low- to moderate-income workers. And only singles and joint filers are eligible for the American Opportunity credit for college costs.

ESTATE TAXES: The federal estate tax temporarily disappeared, but when it returns next year, the rules will continue to favor married couples.

"You can leave unlimited amounts to your spouse free of estate tax," said Jeff Gonya, a Baltimore estate planning lawyer.

Federal and state estate taxes can then be deferred until the death of the second spouse, Gonya said.

Leave money and property to others, though, and your estate can take a tax hit.
Under the tax legislation signed into law before the year's end, an individual will be able to shelter up to $5 million - $10 million for couples - from the federal estate tax during the next two years.

HEALTH INSURANCE: Many employers allow an employee's domestic partner to be covered under the company's group plan. But the playing field still isn't even.

The amount an employer contributes toward the domestic partner's coverage is considered taxable income for the employee. That's not the case for a married worker with a spouse on the plan.

Employers are beginning to address this inequity. Google, for example, has started to reimburse gay and lesbian employees for extra taxes they pay for a partner's insurance. Barclays Bank and McDermott Will & Emery, a major law firm, announced recently they would be doing the same next year.

FINANCIAL AID: Children of single parents tend to get more federal financial aid for college. That's because the aid formula looks at the income and assets of both married parents, likely reducing the need for assistance. In the case of single parents - which includes divorced, separated and widowed - only the finances of the custodial parent are considered, said Kalman

Chany, author of "Paying for College Without Going Broke."
Married students also could see less aid because the spouse's finances will come into play when assessing need.

Chany said some single parents thinking of getting married ask what impact that would have on a child's aid package. His usual advice: "Postpone the wedding bells until the student graduates."