

Living together is not all cuddling on the couch

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By Jolayne Houtz

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You and your partner have combined your furniture, broken the news to family and friends and had serious negotiations about who will clean the toilet and who gets the bigger closet.

But if you're sharing an address without tying the knot, there are important legal and financial questions to consider, too.

Shacking up can have big consequences for your credit, your tax bill, your legal rights and your retirement planning.

Being legally married gives you a status under the law that unmarried couples don't enjoy. It pays to plan ahead, especially if you're planning to live together for a long time or if there are considerable assets at stake.

Documents such as wills, property agreements or power of attorney can protect you individually and as a couple. It's easy to put this off when things are going well -- and potentially devastating when things aren't.

"Most people moving in together ... just want to cuddle on the couch," said Marshall Miller, co-founder of the Alternatives to Marriage Project. "Very, very few get it together to do this" kind of advance planning.

If a homeowner dies without a will, for example, his unmarried partner has no legal right to the house and could be evicted by his children, his parents or anyone identified as next of kin.

Unmarried couples "have to be more mindful," said Seattle attorney Lindsay Thompson. "Things you would take for granted if you were married may not apply."

That's true whether you're twentysomethings moving in together, divorced baby boomers, a same-sex couple or seniors concerned about losing

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The bottom line: Many of the legal and financial safety nets in place for married couples are available for unmarried couples, too. You just may have to be a little more deliberate to protect yourselves.

Get it on paper

If you do nothing else, make a will.

"Without a will, it's very likely that nothing will go to your partner," Seattle attorney Rob Morrison said.

Blood relationships take priority over unmarried partnerships. Unless your will specifies otherwise, your estate passes to your next of kin -- your children, your siblings or a distant cousin you haven't seen since you were 12.

"We get so many sad e-mails from people who thought they had been together so long that they would be protected," Miller said. "Then their partner dies, and the surviving partner finds out they get nothing."

Cliff Duggan of Seattle and his partner, Bruce Erickson, have been together for 24 years but drew up wills only two years ago when they adopted a child.

However, they were careful even in the early years of their relationship to create a paper trail -- both names went on apartment leases, utility bills, checking accounts. That helped when Duggan's employer began offering domestic-partnership benefits, allowing Erickson to obtain medical and life-insurance coverage.

Spelling it out

A cohabitation agreement is a prenuptial agreement without the nuptials.

This document governs what happens if the relationship breaks up -- and one national estimate showed 40 percent of opposite-sex cohabitators break up within five years of moving in together. It also can help establish who owns what if one partner dies.

Spell out what property each person is bringing into the relationship and decide how those will be divided if the relationship ends.

Then decide how major joint purchases will be divided. If you buy a new couch together, will you see a mediator or flip a coin for it if you split?

And who will keep the dog?

If you're going to set up joint accounts, how will those be managed? No one spends more than \$200 on a joint credit card without the partner's permission?

Finally, the agreement could state how major expenses will be handled. Will the rent or mortgage be split 50-50? Will the partner who makes more pay more?

Power of attorney

There are two different kinds to think about -- one for financial matters, another for health care.

The durable financial power of attorney allows your partner to manage your affairs if you are incapacitated. If you maintain a separate account, your partner won't have access to it to pay your bills without this document.

The health-care power of attorney is critical, Morrison said. It allows you to designate who will make health-care decisions about you if you can't. Without it, your partner doesn't have a say. Your relatives will have the right to make decisions about your health care.

And without this document, a hospital could refuse to even allow your partner to see you.

Unmarried money matters

Open some joint accounts, if you want, but make sure you maintain some accounts separately.

"Everyone should have an individual account ... to have some track record in your own name," said Rebecca Wakefield, a financial adviser with American Express Financial Advisors in Seattle.

And be careful about how quickly you start intertwining your finances. If your partner has a secret fondness for gambling or goes wild at the Pottery Barn with your joint credit card, you're liable for those debts.

Buying a house together

If you want to own the house together, there are a couple of ways to take title. If you choose to be "joint tenants with right of survivorship," you

each own the house in equal shares, and your half automatically passes to your partner if you die, even if you have no will.

"Tenants in common" allows you to own the house in unequal shares. Your portion belongs to you, and you specify in your will who gets your share.

You may need to consult a professional about tax ramifications if you opt for joint tenancy. Ditto if you own a home and want to add your partner to the title.

And you may both need separate homeowner's or renter's insurance policies to make sure all the property is covered.



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