



## The Examiner

The NORTHERN WESTCHESTER

## Examiner

The WHITE PLAINS

## Examiner

The PUTNAM

## Examiner

**SMALL NEWS IS BIG NEWS**

# Blended Families Ought to Address Myriad Financial Issues

<http://www.theexaminernews.com/blended-families-ought-to-address-myriad-financial-issues/>

DECEMBER 21, 2016 BY EXAMINER MEDIA

By Peter Chieco



Resulting from a variety of societal factors, the odds of a marriage ending in divorce have increased over the years, and today, are commonly believed to be at about 50 percent.

Divorce can have wide implications not just for couples but also for their children, and, of course, those involved in the dissolution of one union and the formation of another.

I am referring to blended families – families where one or both spouses who have been married previously have children from earlier marriages, and may well have additional children from the new marriage. The “yours, mine and ours” blend of children and spouses can have important financial ramifications that go far beyond weekly grocery shopping and back-to-school clothing purchases.

More than 50 percent of U.S. parents are remarried or re-coupled and about 1,300 new stepfamilies form each day, according to data from the U.S. Census Bureau. In nearly half of all stepfamilies, each parent brings one or more children to the marriage, and many may go on to have kids together.

The Census Bureau data also shows that half of the nation’s 60 million children under the age of 13 now live with one biological parent and that parent’s current partner.

Besides the emotional and logistical challenges that blended families face, every financial step also needs careful consideration. For example, as with any marriage, it may be wise for the couple to consider a prenuptial agreement.

I realize that for many people the mere mention of a legal arrangement prior to marriage vows can take much of the romance out of the situation. However, particularly for blended families, there may be additional considerations on several fronts, including financial.

A prenuptial agreement clearly lists all the assets and property with which each partner enters the union. It also affords each spouse an opportunity to specify that a savings account or family business is bequeathed to a child rather than automatically going to the surviving spouse.

There also are other matters to take into account in blended families. For instance, based on the above Census Bureau statistics, millions of households include children who travel between their primary residences on weekends and vacations to visit another parent as a result of custody arrangements.

Thus, careful consideration and planning may be necessary. Where will holidays be spent? Who is picking up whom from which activity? Not only does this require a masterful understanding of logistics, but all of the traveling takes time – and time is money – not to mention gasoline.

Joint custody arrangements can impose a financial burden on a new couple, especially if former spouses have moved out of state, yet still maintain regular contact with their children.

Even, or perhaps especially, after the children have reached the age of majority there can be complicated financial considerations. The prenuptial agreement can help in this regard if, when looking into college financial aid for instance, the college may agree to remove one spouse's assets from the equation. Even so, the nature of a divorce agreement could result in additional paperwork requirements – or snafus.

For some couples who have children living primarily at another parent's house, or are away at college, consideration may be given to the nature of the financial support each spouse will provide. Parents who decide to separate the expenses of some members of their blended family may consider creating separate accounts to keep track of each individual, a challenge even in small families. There also should be emergency funds for unexpected costs.

Estate planning should also be part of any financial arrangement. And there always are taxes, which can be offset to some degree by deductions for dependents – another potentially complicated matter, and one that may be worth a consultation with a reliable accountant or tax attorney.

A second marriage can be a terrific opportunity for a second chance in life. But like any successful venture, it will take work, planning and knowledge. Love is a “many splendored thing” as the song says, but it has a better shot of working out if the financial issues are settled before the couple says “I Do.”

*Peter Chieco is a financial adviser with the Global Wealth Management Division of Morgan Stanley in Greenwich, Conn. He can be reached at 203-625-4897.*

*The information contained in this column is not a solicitation to purchase or sell investments. Any information presented is general in nature and not intended to provide individually tailored investment advice. The strategies and/or investments referenced may not be suitable for all investors as the appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Investing involves risks and there is always the potential of losing money when you invest. Morgan Stanley and its Financial Advisors do not provide tax or legal advice. The views expressed herein are those of the author and may not necessarily reflect the views of Morgan Stanley Wealth Management, or its affiliates. Morgan Stanley Smith Barney, LLC, member SIPC.*