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Marriage Does Not Merge All Finances

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Merging two people's lives in marriage does not merge all of their finances, despite misconceptions consumers and even some advisors have, says Bruce Provda, an attorney based in New York City who specializes in financial issues surrounding marriage and divorce.

"The problem is many people do not give this any thought until there is a problem," Provda says. "Advisors and consumers are often confused because issues of marriage and credit are not something that come up every day."

A common misconception is that the credit scores of the two people merge once they are married, which is not true, Provda says.

"Marriage does not affect your credit score, even if you take your spouse's last name," says Kimberly Foss, president of Emyrion Wealth Management in Roseville, Calif. "If you change your name and report this change to your creditors, you will not have to start from scratch with a new credit history."

"However, there may be some inaccuracies in your credit report during this transition, so it is important to check your credit report frequently during this period, as well as annually thereafter," she adds.

But the credit scores of both partners can affect any application for a mortgage or a joint loan. "There are many instances where one partner has a terrible credit score and the other has a good score," Provda says. "In order to get the mortgage or loan, the one with a good score may want to sign the mortgage, but remember, the one who signs it will be the one responsible for the entire debt."

Marriage also does not affect debt that has been accumulated by either partner before the marriage, adds Owen Malcolm, managing director at United Capital's Atlanta office. But the situation can become complicated if the spouses open joint savings or checking accounts.

"Then the creditors of one of the partners can come after the entire account," says Malcolm.

Another way some people get into financial trouble is by confusing who owes credit card debt, Malcolm explains. "An authorized user of a credit card is different from a joint cardholder. If a spouse is added as an authorized user, he or she is not responsible for the debt; only the cardholder is. If the couple has a joint card, both are responsible for the entire debt."

Problems can be avoided if the couple sits down with an advisor and talks about their financial situations, their expectations and habits, says Larry Rosenthal, president of Rosenthal Wealth Management Group in northern Virginia. If there are credit or debt questions the advisor cannot answer, bring in an attorney who specializes in these issues, he says.

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