

MAKE A CHANGE FOR THE GOOD.
Discover the benefits of saving at a fixed rate in an annuity. **START NOW**
877 225-0201

TIAA CREF
FINANCIAL SERVICES FOR THE GREATER GOOD™

C45618A

THE WALL STREET JOURNAL.

WSJ.com

DECEMBER 17, 2009, 8:16 AM ET

Filling Legal Gaps For Same-Sex Couples

The state says we're married, the feds say we're not. What gives?

Massachusetts-based financial planner Dana Levit regularly fields that question from clients. That's because in 2004 the state of Massachusetts legalized gay marriage, but gay couples who have tied the knot there still aren't recognized as married by U.S. federal authorities.

"For those people, there's an added level of complexity when it comes to financial planning," says Levit. "Gay couples have the same problems paying the bills as other people, but have a lot of other challenges as well.

Non-traditional families—gay couples and straight couples who have chosen not to walk down the aisle—face roadblocks that the average married couple simply doesn't have to worry about. Non-traditional couples can't file joint taxes, and a partner's Social Security benefits are off limits. Splitting up presents tricky issues, and death brings even trickier ones.

Levit has become fluent in financial planning for non-traditional couples, who now make up more than a third of her client base. She says focusing on that particular niche has been good for her company, Newton, Mass.-based Paragon Financial Advisors. "It's a great way to get business," she says.

Levit also likes the challenge of finding solutions to problems most financial advisers never encounter. For instance, her non-traditional clients won't ever be able to rely on a partner's pension or Social Security benefits. So to provide a chunk of cash when one partner dies, Levit looks to life insurance policies. "You have to pay premiums on insurance that you wouldn't need otherwise, so there's an added cost for same-sex couples," she says.

Other solutions aren't as straightforward. One half of a couple Levit works with makes a lot of money, the other half doesn't. Now that they're planning to have a child, the low earner plans to stay home. The stay-at-home partner won't have any income to contribute to her retirement savings and can't count on tapping her spouse's 401(k), so Levit recommended that the high earner make additional retirement provisions in the other's name. Levit also advised the couple to title as much of their property jointly as possible to avoid complications passing on assets if one dies.

"Planning for same-sex couples is all about equalizing the estate, because there isn't the same opportunity to split up the assets in death or divorce," says Levit.

Levit also made sure the clients had healthcare-proxy documentation in place. "I recommend that couples keep a copy of their healthcare proxy or power-of-attorney with them even when they're traveling, because other states may not recognize them as spouses," she says.

Still, Levit says that specializing in financial planning for non-traditional couples isn't all about circumventing roadblocks. "There are plenty of ways where you can save these people money through smart planning," she says. "You can help



Dana Levit

unmarried couples so much by doing that.”

Copyright 2008 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com