

What You Need to Know about Your Spouse's Finances

By Alan Goldfarb, CFP® AIF®

Failure to Share Information Can Magnify Problems in a Crisis

Are you and your spouse completely familiar with each other's financial situation? Are critical documents up-to-date? Are you prepared if your spouse becomes incapacitated or dies?

Couples need to be sure that the beneficiaries of any insurance policies, annuities or other investments are kept current and know where financial records and documents are kept.

Each partner in a relationship needs to be able to answer several important questions about his or her partner's finances.

Do You Have a Will?

Both you and your spouse should have a will that is kept in a safe place that you both can access, such as a fireproof home safe or a bank safe deposit box. CPAs also recommend that each spouse provide the other with a health care directive and a power of attorney that will allow them to make important decisions. A will makes it much easier to settle a deceased spouse's financial affairs. The other documents become very important in situations where a spouse is disabled. And, be sure to update these documents any time each of you has a major life-changing event. It's not uncommon, for example, for the husband in a second marriage to die and have a will that was never updated to recognize his new wife. The effect of this kind of situation can be devastating for families.

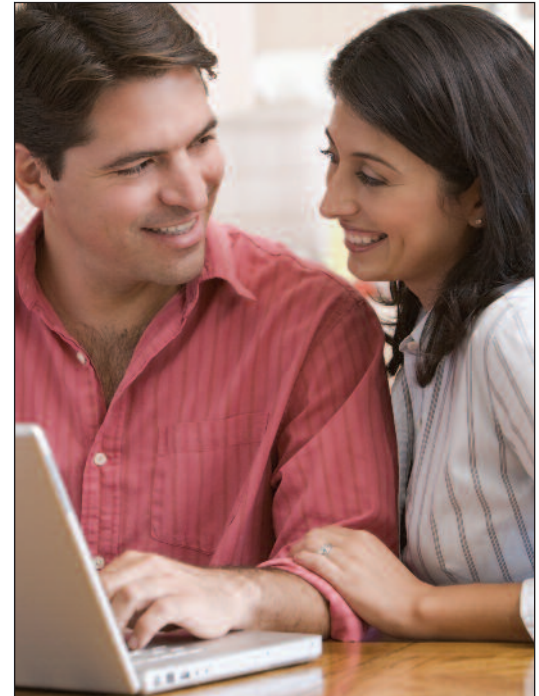
Retirement Accounts?

What kinds of retirement coverage does your spouse have? In the case of death, it's up to the surviving spouse to follow up with Social Security and any private retirement plans or accounts in order to receive payments. Know the names, account numbers and contact numbers for any pension plans for which your spouse is eligible from a former employer and for any 401(k) or individual retirement accounts. You should also know your spouse's Social Security number and what benefits you are eligible for as the surviving spouse. Be sure that beneficiary information is current.

Insurance Information?

Does your spouse have life and health insurance? He or she may be covered by a life insurance plan through an employer, as well as any plan that your family has purchased. Again, know the name of the insurance company, the account number and contact information for all life insurance plans. You'll need to know the same details about health insurance plans.

They will be important if you are covered under the plan as a surviving spouse. In addition, some health insurance plans require advance authorization to go to the hospital or otherwise respond to a medical emergency. Be aware of any such requirements so that you can easily follow them if a crisis occurs.



Current Bank and Credit Accounts?

Are you aware of all your spouse's credit card balances or checking or investment accounts? Many couples maintain their own accounts, rather than pooling their money in a joint account. That's fine, but there are many good reasons that each spouse should have some idea of the other person's financial situation, even if each one manages his or her own money.

Money is a serious cause of stress in many marriages, and communication can

Featured Client Profile

Merry Schenck

After 25 years in the contract furniture representation business, Sam and Merry Schenck retired. Merry, forever energetic, chose to let her husband relax. She decided to go back to college to study all those subjects she wished she had been able to take instead of the required courses for a Bachelor of Fine Arts.

At Southern Methodist University, anyone with a degree can enroll in the Masters of Liberal Arts program. All applicants may pursue a curriculum suited to their individual interests. Merry took twelve, three-hour classes and graduated with a Master's Degree!

Two years ago after she graduated, she decided it was time for her to open doors! Merry applied to become a docent at the Meadows Museum on the SMU campus and was accepted and welcomed by approximately 50 incredibly friendly and

smart individuals. Attending class three hours a week with a group of friends with whom she had so much in common was not only informative but fun. The museum expects docents to tour twice a month. At first, speaking before a group of ten to fifteen adults or children was intimidating; but soon, Merry was sharing information with guests who also liked to express their views.

Not only does Merry continue to learn about the old masters in the Spanish permanent collection, she also enjoys the museum's temporary exhibits which vary considerably from the Etruscan Archaic period, to 15th century Hispanic-Flemish panels, to Impressionism forward through all the "isms", to 20th century contemporary artists. Being a docent at the Meadows Museum has created an open door to a fulfilling retirement.



Barbara Tommaney and Merry Schenck at their SMU Graduation.

Weaver and Tidwell Financial Advisor's Profile

Dee Flowers

Dee joined Weaver and Tidwell Financial Advisors as an associate financial advisor in our Dallas office this past March. After graduating from high school, Dee served 4 years in the U.S. Air Force. The majority of her time was spent serving in the Air Force Special Operations Command in Mildenhall, England. While living in England, Dee enjoyed traveling to Paris, East and West Germany, Crete, Holland, Spain, Hungary and Italy.

Upon completing her military service, Dee enrolled in college and became very active on several debate teams, serving as president of Phi Alpha Delta (a pre-law fraternity), news editor of the college newspaper, and volunteering with various community service organizations. Dee was awarded the Golden Shears Award for her

leadership and community involvement. She was also awarded the Adam Reed Mass Communication Award for her journalism work with at-risk youth and writing for the campus newspaper.

She graduated Summa Cum Laude from Texas Wesleyan University with a bachelor's degree in Mass Communications and later graduated from the University Dallas with a MBA in Business Management. Dee began her financial planning career when she was recruited as a financial advisor by Merrill Lynch in 2005.

Dee likes to spend her spare time jogging, playing percussion instruments, volunteering with faith-based organizations and artists, and practicing yoga.



Financial Solutions

Tackling Money Concerns in Remarriage

Roughly 75 percent of those who have been divorced will ultimately remarry, according to government statistics. Money can be a source of tension in any relationship, but there are steps that couples who remarry can take to preserve harmony:

Take a New Approach

Old habits die hard, but you may have to change some of your spending, saving and planning habits in a new marriage. While many newlyweds are just beginning their adult lives together, those who are getting remarried already have experience in sharing a household with another person and making financial decisions together. Their approaches to money may be completely different. One person may have spent a lifetime being a meticulous planner, while the other may never have reconciled his/her checking account statements. It's a good idea to understand these differences now and to develop a financial approach that will suit your new family. Decide how you will make decisions and monitor your finances. This is also a good time to discuss your near- and long-term financial goals to be sure you are on the same page. Discuss any previous divorce decrees and if they include payments to a former spouse or children that will affect your financial future together.

Yours, Mine and Ours

As part of your discussion about your financial philosophies, decide what kinds of accounts you will share or keep separate. Some remarried couples pool all of their money in newly opened checking and savings accounts, while others retain their own individual accounts as well as a joint account. There's no one right way to do it, but how you handle your money is a decision that should be discussed before you are married. Decide whether you will be adding each other's name as beneficiaries on insurance policies, 401(k) plans, individual retirement accounts, investment and savings account, or any other assets.

Consider a Prenup

Prenuptial agreements are not only for the wealthy. They can help any couple establish guidelines about assets in case of divorce. Many people believe that prenuptial agreements are unromantic, but they can be very useful tools, particularly if either spouse has children from a previous marriage or if one spouse will be quitting a job to stay home with the couple's extended family. The prenuptial agreement can spell out what assets each spouse is bringing to the marriage and how money will be distributed if the marriage ends. Don't try to work out the details yourselves; share your wishes with your attorney and let your attorney negotiate with your spouse's lawyer. When everyone in your blended family knows where they stand financially, it can mitigate unnecessary future tension.

Think Long-Term

A will is an important document that can ensure your wishes are followed after your death. Wills are particularly valuable in remarriage because, like a prenuptial agreement, they provide a legal basis for how money will be distributed. Your new marriage may also prompt you to make changes in the beneficiaries for your life insurance policies or retirement accounts, or to increase your life insurance to cover new family members. A new marriage clearly raises many financial questions. Your advisor can help you navigate through these questions to help you get off to the right start.



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help ease potential problems. If you have a thorough understanding of your family's financial situation, you're in a better position to create realistic budgets and plan for the future. In addition, in the event of a death or divorce, it's better to have a well-informed understanding of your complete financial situation.

Your Advisor Can Help

Many of the questions raised here address basic issues that are important to sound financial organization, such as writing a will and having up-to-date knowledge of your family's credit, retirement and insurance details. That's why it's important for couples to share information and be familiar with their combined circumstances.

When you're well informed about financial details, you're better able to make the best decisions for your family. Start a dialogue about these matters with an advisor with family financial planning expertise. It's a great idea for you and your spouse to do this together.

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