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Matrimony, to paraphrase Dickens, can be the best of times and the worst of times (the latter, of course, referring to a divorce). But, like the changing of the seasons in nature, our culture allows us to start over, and remarriage can end up truly being the best of times.

Planning for a second marriage takes on many twists, adding complexities to the new relationship that do not exist in first marriages. The second round of planning often has to deal with property issues, children or grandchildren, and maybe a scar or two left over from the past.

Even the simple task of handling money can be complicated. Often, both partners have careers and have grown accustomed to earning an income and spending money without being accountable to someone else. Now, individual goals and habits need to become part of a shared enterprise.

An easy starting point for new couples is to set up joint checking and savings accounts into which both partners will contribute a pre-determined amount of money for common expenses and savings. The spending of each partner's residual funds can remain that partner's prerogative.

If the new relationship is in the pre-retirement phase of life, each partner should agree to commit as much as possible to retirement savings plans such as employer-sponsored 401(k) plans or individual IRAs.

Property brought into the new relationship should be clearly identified and agreed upon by both parties as to ownership, support and ultimate use. Unfortunately, there are no rule books when it comes to property issues. In community property states such as California or Washington, it may be important to avoid commingling this property with other marital assets, since doing so could cause the property to be divided in the event of a subsequent divorce.

This delineation can be accomplished by a pre- or post-nuptial agreement between parties that identifies ownership, support and use of separate property. While that sounds easy enough, emotionally it can be difficult to accomplish without sending a negative message to the new partner.

I distinctly remember meeting with our lawyer prior to our marriage to discuss such matters. My future wife put it quite succinctly when she said, "What's mine is mine and what's yours is mine." I got the picture, we had a nice lunch, and we've been happily married for a number of years!

DC4 Report

Seriously, both parties in any agreement should consider retaining individual counsel and approach the issue with the idea that while they may keep separate property separate, they will work toward building new wealth that belongs to both.

A couple bringing substantial investment assets into a new marriage should take care to analyze the asset allocation of all accounts as a family unit and as individuals with an eye toward maintaining a balanced and well-diversified portfolio. New investments should complement existing portfolios.

Finally, the estate plan of each partner should be revised to reflect the new marriage. The first step in this process is to review beneficiary designations on all retirement accounts, life insurance and annuity contracts. It is not uncommon to discover old retirement accounts and life insurance policies with the ex-spouse as beneficiary. A death in this situation could result in the new, surviving spouse being obligated to pay taxes on property passing to an ex.

Wall on the Street

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