Coordinator            Thank you. I’m showing no questions at this time.

J. Walstedt           I think we have a question here in the room with me. Sarah?

Sarah                Yes, I have a question. Under what circumstances would you recommend a couple to sign a prenuptial agreement?

C. Bahr               I can answer that. Having worked with so many people that have disparate financial situations, that is a situation where you would want to do a prenuptial. That is, perhaps somebody has acquired a substantial amount of wealth and the other person does not have a substantial amount of wealth. That would be very appropriate.

Another situation is if you have children and issues regarding the children where you want wealth to pass to your children and want to be clear about that. That’s really important.

If it’s a second marriage and there are assets or a business that’s involved, a prenuptial would make a great deal of sense.

J. Walstedt           What about a post-nuptial, Candace?
C. Bahr  Post-nuptials also make sense. Again, what you’re doing is for all of us, and I’ve been married for 26 years, and I hope I’m married at least for another 26 years, but what you’re doing with a prenuptial or a post-nuptial is you are clearly delineating in the light of day what you want with your assets in your life. Hopefully these are things, again, that you will not have to draw upon, but if you do, you’ve laid them out.

Now, what’s not fair is when people get a prenuptial the night before they’re supposed to get married, and those, of course, are in question as to whether they’re even legal or not, but it’s important. When you go into a relationship, it is as important that you discuss the business aspects of your relationship as much as the being in love and the personal aspects.

J. Walstedt  Thank you, Candace. Carolyn, do we have a question?

Coordinator  I’m showing no questions at this time.

J. Walstedt  Okay. We have another one here in the room with me then. Cynthia?
Cynthia  My mother used to tell me that I should have a separate account when my husband passed. At the time I thought that that was kind of not really being devious, but it was just difficult to have a separate account, and I was wondering what could you tell couples today in terms of having separate accounts, but knowing about them and knowing how important it is in case something happens?

J. Bodnar  I’ll take that one. It’s going to depend on each individual couple. There is no particular right answer towards it for this. Some couples like to keep their finances very separate, and other couples really like to merge their finances. I think a good compromise situation, given the realities of today, is to have a joint account that you use to pay for most of the household expenses that you’re going to have, but that each of you has a separate account where perhaps you could kick in an extra $100 or so a month that’s just your money that you can use to buy things on your own with no questions asked, which might actually be gifts for your spouse that you might not want your spouse to know about. This is not a way of keeping money secret from your spouse. It’s simply a way of continuing to get independent access to some money of your own so that you’re not always answerable to your spouse for every single purchase.
Another compromise solution that some couples have is just say you can spend money on a purchase up to, say, $500, but anything over $500 we need to discuss. This saves the marriage from arguments over he wants to buy a new computer and you want to get a new couch for the living room. You’ve got to talk about these issues, and sometimes just having the separate accounts gives you a feeling of independence and, actually, real independence so that you’re not always answerable to your spouse. You can make decisions on your own.

But I would not recommend that these accounts be secret, although it’s interesting. I just quoted in Kiplinger, in our magazine, a study that shows both men and women keep secrets from their spouses, and the main thing that they keep secrets about is money. They don’t always tell their spouses what they’ve been spending money on. It’s really kind of interesting. I guess that’s just the way life is, but I’m talking about a formal account where you say this is what we’re going to put into it, and if you want to go and have a shopping weekend and blow it all on shoes then you can do that, but again, you have the joint account to fund the big household expenses.

Cynthia Thank you. That was great.
J. Walstedt  Carolyn, did we have any questions in the queue?

Coordinator  I’m still showing no questions at this time.

C. Henning  Jane, I have a question.

J. Walstedt  Go ahead.

C. Henning  I know that many people are not necessarily married, but may be in committed relationships. I know that a lot of times they may go into real estate and have the joint owners upon [with rights of] survivorship [See AARP Legal Services Network Question #65: What are the differences between tenants in common and joint tenants with rights of survivorship? At www.povertylaw.org/legalresearch/hotline/faqs/alaska/akclient/C65AK.htm.]. What other protections should those individuals have in relating to their homes if one of the partners dies?

J. Walstedt  Is there any of our speakers who want to take that question on?

C. Bahr  I’ll take it. It is extremely important that if you are in a committed relationship that you have done your estate planning because,
again, if you do not do your estate planning and you do not have a will, what would be likely is that if you have joint tenancy that’s one issue, but if you have something in your own name, it would then be probated and it would then go according to the laws of the state. Typically what would happen is it would go, perhaps, to your children, if you had children from a previous marriage, or, if you don’t, it would then go to your parents. If you want money to go to your significant other, it has to be clearly delineated, so it is very, very important.

It’s also important from the standpoint of if this is a long-term relationship and this is somebody who’s very important in your life, that may be the person that you would like to make healthcare decisions for you. If you have not clearly spelled that out, they will not have the right to do that for you. So joint tenancy as far as it goes is fine, but really going to an estate-planning attorney and laying out all of the issues are also very important. [Note: For more information on joint ownership and the risks associated with it, please refer to Suzanne Zemelman Gellman’s presentation on the May 31, 2005 Wi$e Up teleconference call on estate planning.]

Another little aside: If you are a single individual, Transfer on Death accounts are now available pretty much in every state. I
think there’s only one state that is now a holdout, so if you have not done your estate planning, I would suggest that when you go to the bank or you open a brokerage account, rather than opening it in your own name, if something would happen to you, it would have to be probated, if you simply tell them you would like a Transfer on Death account they will give you a beneficiary form. You will then designate who you want that account to go to, and it will bypass probate. It’s a simple solution, not necessarily the best solution in the long-term if you have a complex issue, but at least it will get you to a stop-gap situation. We often use that for women who have divorced, they are in the process of doing a more formal estate plan, but they have the assets. We can then put the assets in the Transfer on Death account until they’re ready to do a formal trust.

J. Walstedt Thank you, Candace. Carolyn, do we have any questions in the queue?

Coordinator Yes, we have two questions at this time. Our first one comes from Joyce Crowell. You may ask your question.
Cliff Fowler had mentioned about a form, an 8832, allowing a custodial parent…and I didn’t get the rest of that information. Could I have that?

It’s an 8332. I think I quoted the wrong number there. It’s a Release of Claim to Exemption for Child of Divorced and Separated Parents. To shorten that, what it is is in order for the non-custodial parent to claim the child on their tax return, the custodial parent must waive that right with this form that is signed by that custodial parent and has the child’s name on it also.

I see.

It’s an annual election or it can be for any number of future years. That’s very important for the attorneys, depending on which side you’re on, to determine what you want to do with that form. I don’t think that comes about in most cases. It’s like, “It’s time to file the tax return and I’m supposed to claim Joey this year,” now I’ve got to go back to my ex-wife and get her to sign this, or my ex-husband, whichever the case might be. That is not always the nicest situation to have to get into. The IRS is kind of strict on this stuff too, that they don’t want to recognize anything that was done in state court, like divorces and divorce decrees. They’ve kind of
got some mixed messages out there, but basically they say you all work it out and leave the person, who is the non-custodial parent, kind of in limbo. If you want a real mess, just go ahead and both of you claim the child. You’ll both end up as not getting the deduction and losing the earned income credit or education credits or child tax credit or, in some cases, maybe even losing the marital status that you think you have, like “head-of-household” may turn into “single.” All of a sudden you both have a mess and a packet from the IRS that’s about a half an inch thick of documentation that you can’t get. So it’s just very important to do anything that you can do up front to eliminate problems down the line.

One thing I didn’t mention though-- I have had the ability at times, even though a divorce is usually never amicable, that if we can work with both sides of the family and the child’s tax return, a lot of times what we can do is save money as a “family unit,” even though it’s a busted one, and put more money into the individuals’ pockets than they can if they become selfish and say, “I’m claiming him even though it’s no benefit to me.” That’s nice when you can do that because it makes you feel like you got some worth out of what you’re trying to achieve with the tax returns.
J. Walstedt  Thank you very much, Cliff. I think we had another question. Before we wrap it up, I wanted that person to get a chance to ask their question. Carolyn?

Coordinator  Yes, we do have another question. We have a question coming from Margaret McLaughlin. You may ask your question.

M. McLaughlin  Thank you. Can a stay-at-home mom get disability insurance?

J. Walstedt  Can one of our speakers answer that question? I would imagine it would depend on whether you’ve taken out that kind of insurance.

J. Bodnar  I shouldn’t leap in here because I’m not sure I know all of the facts on this. Disability insurance is tricky because some of the disability insurers…and Candace and Cliff, if you want to jump in, please feel free. It can be very tricky because disability insurers have very strict rules on who they want to insure and how much you can actually claim and when you can file a claim. Sometimes if you can’t prove, it’s very important to be able to prove to a disability insurer that you, (a) have an occupation and what is the job that you do, [b] under what situations would you not be able to do your job, under what situations would they be compelled to pay.
Sometimes if you work in an at-home situation…I know journalists who are freelance writers and work at home sometimes have a tough time getting disability insurance because the insurers can be very strict and say, “Well, so you’ve got a broken arm? So what? You can dictate your stories. You don’t have to use your keyboard.” So I think that, with a stay-at-home mom, that she might fall into a situation like that. But it’s worth checking with someone who’s a specialist in disability insurance, and they can certainly fill you in on what the situation would be. I think it’s definitely worth checking.

If Cliff or Candace can add anything to that, I’d be happy to hear them.

C. Bahr Janet, I think you’ve covered it. That’s essentially it. It’s going to be very difficult to prove loss of income when you are a stay-at-home mom. That’s the issue. I’ve had that same situation with clients that are independent business contractors. It’s difficult to get disability insurance, and certainly, as a stay-at-home mom, there would be an economic loss if you were unable to take care of your children, but it’s difficult to prove.
J. Bodnar

One thing I would say, you should be covered with life insurance even if you are a stay-at-home mom, and so you’re not actually bringing in any income. I mentioned earlier the rule of thumb, combine your two incomes and have enough insurance that covers, say, eight times your annual income, but even if you are a stay-at-home mom, you should have life insurance on your life because if something were to happen to you, God forbid, in that situation your husband would incur costs. He would incur childcare costs. He may have to take off work himself in order to care for the children, so there would definitely be financial consequences if you were not there. You can get life insurance in a situation like this, so disability insurance can be iffy, but life insurance is definitely something you should have.

C. Fowler

Yes. There might be a couple of other insurance policies you might want to look at. We’re talking about disability. If you’re able to stay at home, it may or may not matter, but what about long-term care insurance that may kick in if you were disabled and had to be in a nursing home? A lot of policies now, because of the cost of nursing homes, have a clause that will allow you to stay at home and [will] pay [for] that type of coverage [home care]. That may be necessary. Maybe it’s short-term. Maybe it’s long-term.
The other thing might be hospital insurance that pays a per-day amount for stays in hospitals to help cover other expenses outside of the medical, which, if you were at home…and, obviously, if you’re a homemaker, you may have children at home, and we have, now, daycare expenses that we have now incurred or maid services that we incurred, and things like that. Maybe that helps ease some of the pain there also, but, with disability policies, my experience has been they are based on income and your occupation. You want something that’s occupation-specific probably, so that they can’t say you have a high level--I’m a research scientist, and I have something that forces me where I can’t use my brain like I used to and do that kind of work, but I could go to Wal-Mart and be a greeter there--you’re occupied, you’ve got an occupation, and therefore your disability insurance wouldn’t cover you. You want to be occupation-specific and just look at each of the things on that policy, because they’re going to vary drastically, and you look at your needs. That’s for somebody in the workforce.

J. Walstedt

Because we’ve gone a little bit beyond our hour and we need to bring this to a close, although we don’t normally in the Wi$e Up project take questions for our experts from members of the general public, but only from our on-line participants in Wi$e Up,
nevertheless, I think I’m going to suggest that we pose that
question to our experts, and it will be posted on our Web site if we
get any responses from them. I wanted to say that to the caller.

Now I’m going to turn it over to Cynthia Dawkins to give us
closing remarks. Cynthia is a member of our WiSe Up Team here
in the national office of the Women’s Bureau. Cynthia?