

# Consumer Reports

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## How Same-Sex Marriage Has Changed Couples' Finances

### On the first anniversary of the Supreme Court's ruling on marriage equality, couples reflect on the financial impact

By Tobie Stanger  
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John DeLibero, of Westport, Conn., had been with his partner, Martin Johnson, for more than 14 years when they learned of the U.S. Supreme Court's first major decision supporting marriage equality in June 2013. At that time, DeLibero quickly took two steps to invest in their future.

First, he called his accountant. Then he married Johnson.

"My partner was carrying a very large capital loss from stocks that we both hoped to benefit from, tax-wise," says DeLibero.

The court's 2013 decision recognized that same-sex marriages in individual states could not be treated as unequal. By getting married in Connecticut, which legalized such unions in 2008, the couple could file federal taxes jointly and both would benefit from those losses over many years.

When the Supreme Court legalized same-sex marriage nationwide on June 26 of last year, many others also got access to financial benefits that only heterosexual married couples previously enjoyed. Likewise, their marriages have also led to new financial challenges in some cases, including being subject to what's sometimes known as the "marriage penalty" tax.

On the upside, [same-sex married couples](#) in every state are now eligible for spousal Social Security retirement and death benefits; spousal Department of Veterans Affairs benefits; and the right to take time off from work through the Family Medical Leave Act.

By legalizing same-sex marriage nationwide, the Supreme Court also enabled same-sex couples to automatically inherit the [estates](#), [401\(k\)](#) balances, and pensions of their deceased spouses, unless they've waived that right. The surviving spouse doesn't have to pay state or federal estate or gift taxes on a spousal inheritance, and has priority as the administrator of the estate. A couple can also choose whether to file taxes as married filing jointly, or married filing separately to pay the least.

For same-sex couples like DeLibero and Johnson, the rulings mean potentially lower expenses. Before they were allowed to marry, DeLibero had to pay a lawyer to set up a trust to ensure that a house he owned would pass to Johnson. That's because they didn't have the same rights as a heterosexual married couple where the spouse automatically inherits the property.

The rulings have also meant greater financial security for Johnson, an artist. He is now entitled to spousal and survivor benefits from [Social Security](#) based on DeLibero's income. "My Social Security payment is a lot more than what a freelance artist gets," DeLibero says. "It gives us peace of mind."

## **It's Not All Good**

Not all gay married couples, however, have found that marriage leads to financial bliss. For example, Jacob Baron, a resident of Brooklyn, N.Y., married his partner Sam Marrell in April 2015, two months before the Supreme Court legalized same-sex marriage. He says they were unpleasantly surprised when they found they would not get a tax refund this year, regardless of whether they filed as "married filing jointly" or "married filing separately."

"Combining our incomes might have put us in a new tax bracket," Baron explains.

David Wegner and Michael Baccoli of Clarks Summit, Pa., were married in 2015. They too struggled with how best to complete their taxes. Initially, they prepared them using the "married filing separately" status. But they discovered that by filing that way Wegner would not be able to contribute as much to his Roth IRA as he had before they got married. By filing jointly, Wegner could contribute to his Roth IRA as he had done in the past.

Janis Cowhey, a partner and co-leader of the Modern Family and LGBT Services Practice Group at the Marcum LLP, an accounting and advisory firm in New York City, says one newly married couple even contemplated divorce when they saw how much more tax they'd pay filing jointly. "They said, 'We've been together 25 years, let's just go back to the way we were,'" she recalls.

Other same sex couples are facing the reality that when a relationship unravels, marriage equality leads to divorce equality as well, says Pam Friedman, a partner with Silicon Hills Wealth Management in Austin, Texas. If significant assets are involved, she says that same-sex couples should plan ahead and consider signing a prenuptial agreement to avoid legal fees in the future. That will help couples decide how assets should be divided, who will look after any children and how child support payments will work.

All things considered, DeLibero says marriage equality has made life less stressful.

"Instead of figuring out how much he owes and how much I owe, every time we get a bill, we pay it from one account," says DiLebro. "It's not his money or my money, it's our money."