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Today's Partnerships: Planning for the Modern Couple

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Modern relationships look different than they did a generation ago. While marriage remains an important milestone for many, couples increasingly build lives together outside of this traditional framework. This evolving landscape has given rise to what we call **"The Modern Couple."**

In this report, we'll explore what defines the modern couple, common characteristics, the unique challenges they present and a few financial planning considerations that help preserve both partners' interests.

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Defining The Modern Couple

A modern couple can be described as two partners building a shared life with real economic and day-to-day interdependence without following the traditional structure or timeline of marriage. They may share expenses and housing, co-own assets, plan or care for children, assist aging parents or support one another through entrepreneurship and career transitions. However, more often, today's couples operate as a household long before, after or without a legal change in marital status.

Common Characteristics

While no two relationships are alike, modern couples often share a few patterns:

- **Prioritizing action over formality.** They define commitment through shared actions and verbal decisions (e.g., expense sharing) rather than formal documented agreements.
- **Blended versus pooled financial systems.** They share some expenses while maintaining individual accounts for financial autonomy, using a "yours, mine, ours" approach versus pooling all assets.
- **Nonlinear family pathways.** They build households that do not follow traditional sequencing, such as children before or without marriage, repartnering after divorce and blended families.
- **Dual-income dynamics.** Both partners bring assets, earnings and retirement benefits to the table.
- **Established financial histories.** For households formed later, there may be more established individual financial history such as credit profiles, debt accumulation, investment assets, property or even businesses.

Unique Challenges

Some characteristics of the modern couple's financial structure, like dual incomes, can strengthen a financial profile. However, a unique set of challenges also arises, primarily because marriage provides a level of built-in legal defaults and tax benefits. Additional layers of complexity are introduced particularly for unmarried couples who cohabitate and even for married couples who structure their lives outside the traditional template, such as spouses who keep finances separate and second marriages with blended families.

This complexity is often easy to miss in day-to-day life as routines, trust and informal agreements tend to work when everything is running smoothly. It becomes most visible during major life transitions or events such as a breakup, medical emergency or death, when decisions must be made quickly and third parties require formal documentation.

Below are some practical examples of the unique challenges these couples face:

- **Differing financial values.** This may become more prominent due to the increased complexities modern couples inherently face. Partners may enter a relationship with differing risk tolerances, asset and debt accumulation, priorities or attitudes surrounding family support. These differences are normal; the challenge is when they remain unspoken until a major decision brings them to light.
- **Lack of structure.** Even in instances where good communication exists, this does not automatically convert into an enforceable structure. Regular check-ins can reduce friction but still leave critical issues unresolved if they never get memorialized through documentation.
- **Differing starting and ending points.** Asset preservation and fair reimbursement can become murky when partners move in with unequal starting points. For example, one partner owns a home while the other contributes to improvements. Without a standardized legal framework, it's easier for contributions to become unclear, as in the case of questions around what is a gift versus reimbursement versus equity. For unmarried couples who later separate, property division outcomes then depend heavily on documentation and ownership.
- **Tax inefficiencies.** They can arise for unmarried couples who cohabitate and split bills, even if registered as domestic partners or civil union partners under state law, because the federal tax code generally treats them as two unrelated taxpayers. That means they are unable to file a joint tax return. These individuals could run into deduction and credit friction when sharing housing costs, children and health insurance and potentially trigger gift-tax reporting when transferring money or property between them.
- **Risk surrounding incapacity.** Major problems can be amplified during medical emergencies. Absent explicit documents, an unmarried partner likely will not have legal authority to receive medical information, make treatment decisions or manage finances. Even when couples are married, issues can arise in blended families, when adult children and an ex-spouse or co-parent are involved. In addition, married couples who manage finances separately may face operational friction if the ill spouse is the only one with access to bills, passwords or accounts.
- **Challenges around keeping assets separate.** Married spouses who share a household but prefer to manage their finances separately face challenges. For example, using marital earnings to pay down one spouse's premarital home or mixing funds in a way that obscures traceability can create disputes around whether an asset was marital or separate. Another common misconception is that certain retirement accounts, such as a 401(k), "stay mine" during a divorce. Many jurisdictions treat qualified retirement assets accumulated during marriage as marital property, and the assets may be divisible by a qualified domestic relations order (QDRO).

- **Inheritance outcomes can conflict with intent.** The cost of delaying estate planning is amplified, as the default state intestacy laws likely will not reflect a couple's intentions. In addition, blended families and second marriages create further sensitivities around inheritance and disposition of assets, the right to occupy the family residence and providing for children from prior relationships in a way that feels equitable and timely.

Documents for the Modern Couple's Consideration

There are several legal agreements that can help define expectations, provide clarity and safeguard assets. It is important to be aware of how these documents can prevent partners from making unnecessary and costly emotional and financial mistakes.

- **Prenuptial Agreement.** This is a contract signed before marriage that outlines how assets and liabilities will be divided in the event of divorce or death. The objective is to preserve premarital assets, family businesses or inheritance and to help create transparency and reduce conflict if circumstances change.
- **Postnuptial Agreement.** Similar to a prenuptial agreement, the distinguishing difference is that it is signed after a marriage has begun. The "postnup" can help clarify financial rights and obligations when circumstances shift, such as in the case of a career change, business venture or inheritance. It offers flexibility to those couples whose financial picture has changed.
- **Cohabitation Agreement.** This is a written agreement between unmarried partners that spells out how money, property and responsibilities are managed during the relationship and if the partners separate. It is primarily designed to reduce uncertainty and disputes by documenting partners' intentions, providing clarity where marriage law does not apply.
- **Nondisparagement Agreement.** This is a mutual commitment not to make harmful or negative public statements about each other in order to preserve reputations. These are particularly useful when one or both spouses have public or professional visibility and help to reinforce respect and minimize reputational damage in the event of a dispute.

How Financial Planning Supports Modern Couples

Just as legal agreements set expectations, a financial plan provides the road map for day-to-day and long-term decisions. A comprehensive plan translates intentions into an operating system for the household—one that can adapt as the relationship, career paths and family needs evolve.

A comprehensive approach helps couples:

- **Align goals and values.** Through facilitated conversations with a Financial Advisor around unspoken assumptions and aligning spending, saving and risk tolerance individually and as a couple.
- **Balance independence and interdependence.** Taking a holistic look across varying structures that respect individual autonomy is necessary to support joint goals.
- **Align intent with documentation**. It's important to provide a structured reconciliation between what partners want to happen in the event of medical emergency, separation or death versus what your titling, beneficiary designations, documentation, estate plan and legal defaults will do.
- **Hedge against uncertainty.** Insurance, estate planning and emergency funds can help safeguard both partners if one loses income, becomes ill or faces liability. This is especially relevant when one partner is an entrepreneur.

By integrating financial planning with legal documentation, modern couples create a holistic framework that supports both their relationship and their financial future.

The Modern Couple: Case Examples

Below we illustrate three hypothetical, but common, scenarios that modern day couples may encounter and how planning can improve outcomes.

Case 1: The Complexity of Cohabitation

Hypothetical Scenario

Partner No. 1 and Partner No. 2, both professionals in their mid-30s, decide to purchase a home together without being married. Partner No. 1 provides most of the down payment using savings accumulated prior to their relationship. Partner No. 2 takes on a larger share of the monthly mortgage and ongoing household expenses. They also plan to renovate within the first year, using a mix of cash and a home equity line of credit.

Without Planning

In the early years, the arrangement feels fair, but the "fairness" is informal and difficult to prove. If the relationship ends, the partners may discover that the legal outcome is driven less by intent and more by how the property is titled and who can document payments. Partner No. 1 may assume the down payment should be returned first, while Partner No. 2 may feel the monthly payments created an equal claim over time. Renovation costs add another layer of ambiguity, particularly if one partner pays for upgrades that increase the home's value. The most common result is a stressful negotiation at the worst possible moment, often with legal expenses and emotional fallout that could have been avoided.

With Planning

Both partners establish clear expectations before closing. A cohabitation agreement outlines ownership percentages, how the down payment is treated, how mortgage and renovation contributions are credited and what happens if one partner wants to sell while the other does not. They align the agreement with the property title and maintain a simple contribution record that is easy to follow. Their financial plan supports the structure by separating what is shared and what remains individual. A joint household account covers predictable expenses and dedicated home reserve funds for repairs and renovations. The outcome is clarity on ownership, a fair mechanism for unwinding the arrangement if needed and a day-to-day system that reduces friction and supports shared goals.

Case 2: Blended Family Planning and Closely Held Business

Hypothetical Scenario

Partner No. 1 has two teenage children from a prior marriage and owns a closely held business that predates the current relationship. Partner No. 2 has one child from a prior marriage and expects to receive an inheritance from a parent. The partners plan to marry, purchase a home together and ensure all children are treated thoughtfully. They want to support family interests without creating a dynamic that feels transactional or unequal.

Without Planning

The default rules may produce outcomes neither partner intends. If Partner No. 1 passes away unexpectedly, Partner No. 2 may assume the household is financially secure while the children may expect the business to remain within the family line. In many situations, the structure of ownership, beneficiary designations and state law can push assets in directions that create conflict. Partner No. 2 could face pressure from children, former spouses or business stakeholders, and the business may be forced into a rushed sale to generate liquidity for taxes or buyouts or to support obligations. Even without a death event, the lack of defined boundaries can create friction. Questions like who pays for which child's education, how inheritance should be managed and whether the business is a shared marital asset can become recurring topics.

With Planning

Partners No. 1 and No. 2 build a coordinated structure that respects the relationship while preserving the family system around it. A prenuptial agreement clarifies what properties remain separate, how future appreciation is treated and how shared assets will be managed. Estate planning documents align with those intentions. The financial plan addresses liquidity, evaluates appropriate life insurance coverage to reduce the likelihood of a forced business decision, maps education funding expectations across all children and establishes a household cash-flow model that supports joint goals while keeping certain legacy assets. The outcome is reduced uncertainty, better alignment between values and legal reality, and a plan that supports the surviving spouse, all children and preserves the continuity of the business.

Case 3: Career Transition and Reputation Management

Hypothetical Scenario

Spouse No. 1 and Spouse No. 2 have been married for five years. Spouse No. 1 is preparing to launch a new company and expects two to three years of limited income while reinvesting heavily into company growth. Spouse No. 2 maintains an executive role in a highly visible industry, with compensation that includes annual bonuses and equity awards. Their household can sustain the transition, but the risk profile is changing quickly. They also want to be intentional about privacy and reputation as No. 1's company becomes more public.

Without Planning

The household may drift into an unspoken arrangement where Spouse No. 2 uses their income to cover most expenses while No. 1's business absorbs capital without clear limits. Over time, that can create silent resentment and a loss of shared control, even when both partners are committed to the same long-term goal. If the company prospers, disagreements may emerge about whether the business value is shared or separate, particularly if marital funds supported early operations. If the venture struggles, the downside risk can show up through depleted savings or an increase in liabilities. In parallel, reputational risk can become a blind spot. In the event of a dispute, a public narrative can develop quickly, potentially affecting No. 2's career and No. 1's business, regardless of the underlying facts.

With Planning

Spouse No. 1 and Spouse No. 2 proactively revised the household plan to match the new reality. They worked with a lawyer to prepare a postnuptial agreement clarifying how the business is treated, how marital contributions are recognized and what guardrails exist around shared assets. They also include a carefully drafted confidentiality and nondisparagement provision to reinforce privacy and preserve professional standing on both sides. Their financial plan sets practical operating boundaries. They establish a minimum liquidity threshold, define a monthly household budget and agree on an annual reinvestment amount that Spouse No. 1 can deploy into the business without revisiting the decision each month and insurance planning to address liability exposure. The outcome is a structure that reduces avoidable stress, preserves shared financial security and gives Spouse No. 1 room to pursue entrepreneurship while keeping both partners aligned on risk, reputation and long-term vision.

Final Thought

Modern partnerships reflect the flexibility and diversity of today's relationships, and with them come added layers of complexity, especially when money, children, property or businesses are involved. Legal agreements can help set boundaries while financial planning provides the road map to achieve shared goals while supporting individual interests. Together, they form the foundation for transparency, respect and long-term success.

Disclosure Section

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Because of their narrow focus, **sector investments** tend to be more volatile than investments that diversify across many sectors and companies.

REITs investing risks are similar to those associated with direct investments in real estate: property value fluctuations, lack of liquidity, limited diversification and sensitivity to economic factors such as interest rate changes and market recessions.

Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations.

Value investing does not guarantee a profit or eliminate risk. Not all companies whose stocks are considered to be value stocks are able to turn their business around or successfully employ corrective strategies which would result in stock prices that do not rise as initially expected.

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Annuities are long term tax-deferred retirement savings vehicles. Annuities are generally subject to surrender charges. A surrender charge is a penalty you have to pay if you sell or withdraw money from an annuity before it matures. The time before an annuity's maturity is called the surrender period and usually lasts for several years after purchase. Surrender charges reduce the value of your annuity and its returns. Early withdrawals will reduce the death benefit and cash surrender value.

Under current law, a nonqualified annuity that is owned by an individual is generally entitled to tax deferral. IRAs and qualified plans—such as 401(k)s and 403(b)s—are already tax-deferred. Therefore, a deferred annuity should be used only to fund an IRA or qualified plan to benefit from the annuity's features other than tax deferral. These include lifetime income and death benefit options.

Fixed annuities are insurance contracts that provide a guarantee of principal and interest over a stated term or for life. Although there are varying types and options to fixed annuities, they generally include the following:

- Investment is backed by the general account of the insurance company;
- Earnings will grow at the stated interest rate on a tax deferred basis. Withdrawals are taxed at ordinary income tax rates and may be subject to a 10% penalty for individuals below the age of 59 ½; and

• The option to transition control of your investment to an insurance company in return for a guaranteed income stream for your life and possibly that of your spouse (annuitization).

Fixed annuities pay a fixed rate of return for a specified time period known as a "guarantee period". Upon the expiration of that guarantee period, the annuity will generally automatically renew subject to a contractual renewal rate. During permitted window(s), which generally fall in the days post term expiration, you may decide to reallocate
your investment to an alternative guaranteed term (subject to product availability) or withdraw some of, or all of your funds.

Fixed-indexed annuities are not securities and do not participate directly in the stock market or any index, so they are not investments. It is not possible to directly invest in an index within a Fixed-index annuity. Annuities may be subject to fees that differ from the purchase of a fixed income security such as a bond. These fees may include, but are not limited to, contract inception fees and annual fees that differ among annuities and insurance companies.

Unlike bonds, fixed and fixed-index annuities are not protected by SIPC.

Withdrawals and distributions of taxable amounts are subject to ordinary income tax and, if made prior to age 59 ½, may be subject to an additional 10% federal income tax penalty.

Early withdrawals will reduce the death benefit and cash surrender value.

Living benefits are optional and available at additional cost. When evaluating a living benefit there are several key factors that must be considered such as: cost investment limitations, holding periods, liquidity, withdrawals and your age and risk tolerance.

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