

INSURING A NEW MARRIAGE

Reevaluating their insurance coverage isn't uppermost on the minds of most newlyweds, and it won't ensure a long and happy marriage. But the right insurance can go a long way toward shielding you against the kinds of financial calamities that can strain and sometimes break a marriage.

Here are several key insurance areas CERTIFIED FINANCIAL PLANNER™ professionals recommend that newlyweds (and other marrieds, for that matter) review.

Life insurance. It's a given that couples should have life insurance if they have or expect to have children, or if one spouse earns most or all of the couple's income. But it is often suggested that life insurance is not needed where couples have no dependents and where both spouses work in comparable-paying jobs. This may be suitable in some cases, but you may still want to consider additional life insurance beyond what is offered at work.

First, working couples typically raise their standard of living: a bigger apartment or house, nicer cars, new furniture, vacations. So the question becomes, if one of them dies, will the survivor be able to afford to maintain the higher standard of living on his or her own salary? Probably not—unless each has sufficient life insurance to cover the gap.

Second, one or both spouses may bring debts to the marriage, such as student loans or credit-card debt. The surviving spouse probably won't be responsible for debt accumulated by the deceased before the marriage (though there can be complications in this area). But the deceased's estate would have to pay off the debt, thus leaving less for the survivor. The couple also may accumulate new debt together that the surviving spouse may find difficult to pay off without life insurance.

Third, life insurance may be necessary to cover funeral expenses and possibly out-of-pocket expenses incurred from medical treatments associated with the death.

The fourth advantage of getting life insurance early for many newlyweds is that they can lock in low premiums while they are young and healthy.

Lastly, while group term insurance is probably available at work, it can't go with you if you leave your job, and it often is inadequate. Also, you don't want to need additional life insurance at a time when you're uninsurable for an individual policy.

Rename beneficiaries. If either one or both spouses bring existing life insurance to the marriage, they'll probably want to name their new spouse as beneficiary. Otherwise, death proceeds could end up going to an ex-spouse or parents.

Disability insurance. Competing with life insurance premiums dollars are other insurance needs for newlyweds, and high on that list should be disability insurance. This insurance is designed to partially make up for lost wages should you not be able to work because of an injury or long-term illness. Statistically, young people are more likely to suffer a lengthy disability than to die prematurely.

Group disability coverage at work typically is not sufficient, so you may want to augment it with a private policy. While any worker, single or married, should consider this, it becomes even more important when you have a spouse, particularly one who may be dependent on your income.

Health insurance. Married working couples should review their individual health plans at work to see if they want to go with coverage under only one employer and possibly save premium dollars, or in some other way coordinate coverage between the plans.

Auto insurance. Couples will probably want to insure their autos with a single company in order to get a multi-car discount. Married drivers usually can get lower rates, too, so be sure to tell your agent you've gotten married. Coordinating other property and casualty insurance with the same carrier also can save premium costs.

Homeowner's or renter's insurance. While this is coverage you should get even when you're single, it becomes more critical when you get married. For one thing, you're likely to start accumulating more expensive possessions that you want to be sure are covered. For some valuables, such as the wedding ring, you may need to insure them with a separate rider.

Don't overlook renter's insurance. Newlyweds commonly live in apartments or rented houses before buying their first home or condo, yet they often mistakenly believe that the landlord's insurance will cover damage to their personal property. Renter's insurance is inexpensive and easy to get.