

8 investing mistakes you should avoid in 2012

If you have a \$500,000 portfolio, download the guide by *Forbes* columnist and money manager Ken Fisher's firm. It's called "The Eight Biggest Mistakes Investors Make and How to Avoid Them." Even if you have something else in place right now, it *still* makes sense to request your guide! [Click Here to Download Your Guide!](#)

FISHER INVESTMENTS™

THE WALL STREET JOURNAL.

WSJ.com

May 24, 2012, 8:00 AM ET

For New York's Gay Couples, Tying the Knot Tangles Estates

By Arden Dale



A gay couple recently married in New York came to financial adviser J.T. Hatfield Charles before walking down the aisle. The adviser helped arrange for each man to be entitled to the other's pension benefits upon death, something their married status wouldn't by itself ensure.

As states allow them to marry, more same-sex couples are looking for advice on financial planning. Gift and estate taxes, real-estate and pension plans are areas of special focus because of the different ways state and federal laws view gay marriage. A state may give rights the federal government still doesn't recognize.

Connecticut, Iowa, Massachusetts, New Hampshire, New York, Vermont and the District of Columbia now recognize gay marriages.

Hatfield Charles often gets involved before the knot is tied, but he avoids calling any arrangements a "prenuptial agreement" — a term that can turn clients off.

"I tell them we're not doing this from the standpoint of 'when you get divorced,' but that we are forced to get protection that heterosexual married couples get automatically," said Hatfield Charles, a vice president at SPC Financial Inc.

Many same-sex couples have lived together for some time and have long shared property and other assets, even if not in a legally recognized way. Their financial affairs are can be more tangled than those of a heterosexual couple that hasn't had to wait to marry.

In New York, which approved gay marriage in 2011, adviser Jennifer Hatch sees many same-sex couples interested in how marriage will affect their estate-tax status. She is president of Christopher Street Financial,

an investment-advisory firm that specializes in working with gay and lesbian clients.

The new law treats them same-sex as heterosexual couples, which can pass any amount to a spouse without a state estate tax. Previously, many gay couples owned property under an arrangement known as joint tenancy with rights of survivorship. Under this, a partner might have to pay state estate tax on the entire value of the property in New York state when someone died.

Gay couples in any state — even those that allow them to marry — must pay federal estate tax because the federal tax code doesn't recognize same-sex unions under the 1996 Defense of Marriage Act.

Hatch urges gay clients in New York to “get the piece of paper.” She call it “a coupon for tax savings,” at least at the state level.

Ron L. Meyers, a New York estate attorney who works with many advisers, said he isn't seeing a huge rush for gay pairs to marry.

Some unmarried couples rely on domestic-partnership agreements that spell out, for example, how to divide property if they split. Meyers said marriage requires a weightier document like a prenup because divorce laws are stringent.

For some gay couples, the answer has been to marry but keep everything separate. That can work, but taxes are still complicated.

A lesbian couple in New York — one runs a nonprofit group and the other is a psychoanalyst — turned to Judy Haselton, an adviser at Harmony Financial Advisors, for help dealing with this.

Between them, the two women owned an apartment in New York and a home in the country. They sold the apartment and are holding the cash now while they look around for something new. Haselton is advising them on who should hold which mortgage, who will contribute to a down payment on the apartment and who will take tax write-offs for it all.

Tax filings can be more complicated for married gay couples than for those not legally tied. For instance, they must file at least three tax returns: a joint state return, and two individual federal returns. Similar issues arise with pension benefits, insurance and estate planning.

Copyright 2008 Dow Jones & Company, Inc. All Rights Reserved

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit www.djreprints.com