**Resolving Financial Concerns for Stepfamilies**

Roughly 1,300 new stepfamilies are created every day, according to the Stepfamily Foundation. And 41% of all Americans have at least one step relative, based on Pew Research Center findings. These blended families have an opportunity to launch new relationships and traditions, but they often face pitfalls where finances are concerned. The \_\_\_\_\_\_\_\_\_\_ Society of CPAs provides these tips for issues stepfamilies may face and how to address them.

**What Kinds of Accounts?**

One challenge for stepfamilies can be deciding how to split finances into “yours,” “mine” or “ours.” Many remarrying couples often start out with separate accounts with which they pay for their own expenses, including those for any children from a previous marriage. They may also maintain a joint account for their ongoing expenses as a couple to which they contribute either an equal amount every month or a percentage of each spouse’s income. Any combination of accounts can work, but given the opportunities for confusion and misunderstandings, spouses should be sure to clarify the ground rules up front. This includes determining what amount each one will deposit in each account every month and which expenses the different accounts will cover. Couples should also consider revisiting this arrangement regularly as their financial or other circumstances change to ensure that their approach best serves their needs. This kind of ongoing communication will help prevent misunderstandings later. It’s also particularly important to maintain clear and updated records and to use a budget that encompasses all the accounts so that the couple can easily see where they stand financially.

**Which Documents Need Updating?**

When you remarry, you should review and possibly update the beneficiaries named for life insurance and various financial accounts. You should also consider creating or updating a durable power of attorney, living will or a healthcare proxy, which designates someone to make decisions in case you are incapacitated. Inheritance can also pose thorny problems for stepfamilies, leaving children and spouses anxious about their financial futures. As a result, it’s best for a newly remarried couple to have wills and to revise existing wills as necessary soon after the wedding so they can address important estate planning issues.

**What Should the Will Cover?**

Wills should set forth as specifically as possible what each beneficiary will inherit. This will help to minimize potential squabbles among siblings and between the surviving spouse and children from an earlier marriage. If you want to leave some assets to your stepchildren, it’s important to remember to include them in your will, since they generally are not considered to be among your legal heirs and likely won’t inherit if you pass away without a will. If you do have a will but it says you want your estate to be divided among your “children,” a court may decide that that doesn’t include your stepchildren. Estate planning can also be complicated in blended families when one spouse wants to provide for a surviving spouse but also give their children access to their inheritance as soon as possible. Your CPA can advise you on the best ways to use options such as life insurance or even trusts to ensure that the needs of all your beneficiaries are met.

**Consult Your CPA**

If you want to ensure greater family harmony and need help navigating the financial considerations for blended families, be sure to contact your local CPA. He or she can offer the advice you need to resolve all financial issues.