

Household Income of College Educated Cohabitators Surpasses Married Couples

By Barbara J. King

But Without a Cohabitation Agreement, Cohabitators Risk Great Financial Loss

A new Pew Research Center study

shows that college-educated, unmarried couples between the ages of 30 and 44 years old have a 5 percent household income edge over their similarly educated married counterparts.

Adding fuel to the growing debate over whether it is better to marry or not marry but live together, a Pew analysis of census data found a “greater economic well-being...associated with cohabitation.” According to the study, college-educated cohabitators had a median adjusted household income of \$106,400 in 2009, compared to \$101,160 for similarly educated but married couples. The story was different however, for adults without college degrees, with the median adjusted household income for such cohabitators being less, \$46,540, compared to \$56,800 for their married counterparts.

While cohabitators are exceeding married couples in terms of household income, they are doing so without the safety net and legal protections provided by the laws of marriage. State laws determine how assets and debts accumulated during a marriage should be divided in the event of divorce. However, these laws and rules do not extend to unmarried couples. Questions and ensuing arguments over who gets what asset or pays for what debt can often end up just being governed by who has title or possession or whose name the debt is in. Such disputes can result in an unfair outcome without the benefit of marital equitable distribution laws that seek to put value on both monetary and non monetary contributions to a relationship.

The answer for couples who want to cohabit without the benefit of marriage is to obtain a cohabitation agreement. A cohabitation agreement is a legally binding contract between the parties in which they expressly state how assets and debts acquired or incurred during the relationship should be divided in the event of a break up. Some may say that it is similar to a prenuptial agreement for unmarried couples, and indeed it is.

The Pew study suggests that the stakes are high for college-educated cohabitators. Even without the threat of divorce, cohabitators could have a lot to lose. They should contact a family and matrimonial attorney to discuss drafting a cohabitation agreement that could protect their financial interests and provide them with peace of mind.

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