



ED SLOTT'S IRA ADVISOR

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Tax & Estate Planning for Your Retirement Savings

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Join the Retirement
Planning Conversation



Marriage Has Its Benefits When It Comes to IRAs

This month marks the fifth anniversary of the landmark Supreme Court case *Obergefell v. Hodges*, supremecourt.gov/opinions/14pdf/14-556_3204.pdf, which legalized same-sex marriage. In the wake of this decision, millions of same-sex couples headed to the altar over the past five years.

Many of these newlyweds, never expecting to see a day when they would be allowed to marry, may not have paid much attention to the special breaks that married couples receive under the tax code. When it comes to IRA rules, spouses have many advantages, and couples in same-sex marriages are no exception. The anniversary of the *Obergefell* case is a great opportunity for advisors to reach out, not only to clients in same-sex marriages, but to all married clients, and remind them that when it comes to IRAs, marriage has its benefits.

Road to Marriage Equality

The road to marriage equality in the Supreme Court began in 2013 when the Court ruled in the *Windsor* case, supremecourt.gov/opinions/12pdf/12-307_6j37.pdf, that Section 3 of the federal Defense of Marriage Act (DOMA) was unconstitutional. In the wake of *Windsor*, the IRS and the Department of Labor announced they

would treat all legally married same-sex couples as married individuals for federal purposes. This impacted income tax filings and IRA and company plan treatment of same-sex spouses.

In the *Obergefell* case, the Court took it one step further, ruling that all states must recognize same-sex marriages.

Lifetime IRA Tax Breaks for Spouses

Together, these two Supreme Court decisions opened the door for millions of same-sex couples to take advantage of lifetime IRA benefits – *tax breaks reserved exclusively for spouses*. Such benefits include:

Spousal IRA contributions: Clients who are not working may think they are ineligible to make an IRA contribution. That might not be the case.

If they are married, they may be able to contribute to their IRA based on their spouse's taxable compensation for the year. A client could make spousal IRA contributions in some years and regular IRA contributions in others.

Example 1: Lynn and Brittany are married. Even though Lynn is a stay-at-home parent in 2020, she can make a spousal contribution for 2020 based on Brittany's taxable

Updated for
the SECURE &
CARES Acts

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