



Learn 10 Things You Need To Know About Prenups

Description

While Justin Bieber and Hailey Baldwin were secretly married earlier this week, the much more shocking revelation is that they may not have signed a prenuptial agreement.

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With Justin's net worth estimated at \$265 million and Hailey's at \$2 million, there is a massive financial disparity. However, Hailey could be in for a large payoff down the road, depending on how the marriage pans out.

While Justin and Hailey are young and in love – and throwing caution to the wind – no one with significant assets should follow in their footsteps. Here are ten facts concerning prenuptial agreements that everyone should be aware of.

The fundamentals.

A prenuptial agreement is a private agreement between a couple made before they marry that specifies how their assets will be divided in the case of divorce or death. Each state has its own rules for enforcing and validating prenuptial agreements. Which state's law applies is determined by where the marriage took place, where the parties lived during the marriage, and what law the spouses agreed to apply. Often, couples in this scenario will look for state legislation that will be most helpful in carrying out the requirements of the prenup.

Fairness is important.

Most states require that the agreement be fair, that the parties fully disclose their assets, and that each party retain their attorney.

Circumstances dictate fairness.

The concept of fairness is determined by the specific facts and circumstances surrounding each partnership. Is it fair that Hailey walks away with only the \$2 million she contributed into the marriage and no alimony after 20 years of marriage? Probably not, especially if she has adapted to a new lifestyle and raised children. It would be in Justin's best interest to give the agreement "teeth" — to ensure Hailey is appropriately provided for while preserving his assets.

Complete disclosure is necessary.

In most cases, the parties must also completely declare their assets. That is not difficult to do in this case because one can Google each of the parties and find out their approximate net worth. However, it must still be stated in the agreement in many states. In addition, several states consider each party's prospective inheritance. For example, Hailey may one day inherit money from her renowned father, Stephen Baldwin, or any of her well-known relatives. Therefore, that anticipated inheritance may need to be mentioned in the prenup.

Seek your advice.

Justin and Hailey should each have their attorney represent them in matters pertaining to the prenuptial agreement. Some states make it mandatory. However, since Hailey did not have an attorney, Justin does not want the prenup to be null and void.

Consider the future.

Presenting a prenup to your intended the week before the wedding is not a smart practice, and in some states, could be used to overturn the prenup. As a result, the topic of a prenuptial agreement should be broached long before the wedding.

Premarital assets are almost always off-limits.

Prenuptial agreements frequently indicate that any assets brought into the marriage remain the individual's specific property. If Justin and Hailey had signed such a contract, Justin would have received his \$265 million. A prenup could also declare that any assets acquired by the couple during the marriage are marital property that must be divided. As a result, any money made by Justin or Hailey during the marriage is divided equally between them. Many customers think this method to be fair and acceptable; nonetheless, each prenuptial agreement is customized to the couple's specific assets and the parameters they agreed to.

Establishing the terms of alimony.

In most cases, the agreement will either waive alimony or make no mention of it. If alimony is waived, one party cannot claim alimony from the other in the case of a divorce. Hailey was unable to obtain alimony from Justin and vice versa. If the issue of alimony is not addressed in the agreement, any party may seek alimony from the other.

We will be together until death does us part.

Most prenups allow each person to leave their possessions to whoever they choose while making arrangements for the surviving spouse. For example, if Justin dies first, his estate plan may leave most of his assets to other family members, friends, and charities, but it can and should care for Hailey.

Children are not permitted.

A prenuptial agreement cannot provide for or limit child support or child rights. In addition, couples cannot bargain away their children's rights in courts or legislatures.

Fortunately for Justin and Hailey, it is not too late to obtain the advantages of a prenuptial agreement. Depending on state legislation, they may be eligible to engage in a postnuptial agreement, which is signed after the marriage. The essential components of a postnuptial agreement are the same as those of a prenuptial agreement. However, postnuptial agreements may be more difficult to enforce depending on the state, and certain states demand consideration. Consideration is the value one party gives to the other to persuade them to sign the agreement. This could be in the form of cash, real estate, shares, or other assets.

The classic adage "hope for the best, but plan for the worse" applies to any marriage, especially high-profile celebrity weddings. So along with our best wishes, let us provide some good advice to the happy couple: engage in a postnuptial agreement.

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1. Lifestyle

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