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Couples Retiring on the Same Page

Agreeing about what you want from retirement is crucial.

Provided by Frank DeMaio*

What does a good retirement look like to you? Does it resemble the retirement that your spouse or partner has in mind? It is at least roughly similar?

The Social Security Commission currently projects an average retirement of 19 years for a man and 21 years for a woman (assuming retirement at age 65). So sharing the same vision of retirement (or at least respecting the difference in each other's visions) seems crucial to retirement happiness.¹

What kind of retirement does your spouse or partner imagine? During years of working, parenting and making ends meet, many couples never really get around to talking about what retirement should look like. If spouses or partners have quite different attitudes about money or dreams that don't align, that conversation may be deferred for years. Even if they are great communicators, assumptions about what the other wants for the future may prove inaccurate.

Are couples discussing retirement, or not? It depends on who you ask – or more precisely, what poll you reference.

A 2013 survey of 5,400 U.S. households by Hearts & Wallets (a research firm studying retirement money management trends) found that just 38% of couples plan for retirement together. The fourth Couples Retirement Study conducted by Fidelity Investments (released this February) offered similar results. In that study, 38% of the working couples polled cited some disagreement on what kind of lifestyle they would retire to, 32% disagreed on how much they would need to work in retirement, and 38% hadn't planned to manage retirement health care costs.^{2,3}

In contrast, Capital One ShareBuilder surveyed 1,008 employed adults this winter and found that on average, couples discuss retirement 14 times a year. (There was no word on the depth or length of those conversations, however.)⁴

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Be sure to talk about what you want for the future. A few simple questions can get the conversation going, and you might even want to chat about it over a meal or coffee in a relaxing setting. Dreaming and planning together, even on the most basic level, gives you a chance to reacquaint yourselves with your financial needs, goals and personalities.

To start, ask each other what you see yourselves doing in retirement – individually as well as together. Is the way you are saving and investing conducive to those dreams?

Think about whether you are making the most of your retirement savings potential. Could you save more? Do you need to? Are you both contributing to tax-advantaged retirement accounts? Are you comfortable with the amount of risk you are assuming?

If your significant other is handling the household finances (and the meetings with financial professionals about a retirement strategy), are you prepared to take over in case of an emergency? When one half of a couple is the “hub” for money matters and investment decisions, the other spouse or partner needs to at least have an understanding of them. If the unexpected occurs, you will want that knowledge.

Speaking of knowledge, you should also both know who the beneficiaries are for your IRAs, workplace retirement accounts, investment accounts, and life insurance policies, and you both need to know where the relevant paperwork is located.

A shared vision of retirement is great, and respect for individual variations on it is just as vital. A conversation about how you see retirement today can give you that much more input to plan for tomorrow.

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Citations.

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