



## 1st Quarter 2021

### Are You and Your Partner on the Same Retirement Page?

*Many couples don't agree on when, where or how they're going to spend their golden years.*

When Fidelity Investments asked couples how much they thought they'd need to save for retirement to maintain their current lifestyle, 49% said they had "no idea." Over half the survey respondents – 54% – disagreed on the amount needed to retire, and 43% had differing answers when asked their planned retirement age.<sup>1</sup>

In some ways, that's not surprising – many couples disagree on financial and lifestyle matters long before they've stopped working. But adjustments can become more difficult in retirement, when you've generally stopped accumulating wealth and have to focus more on controlling expenses and dealing with unexpected events.

Ultimately, the time to talk about and resolve any differences you have about retirement is well before you need to. Let's look at some of the key areas where couples need to find common ground.

#### When and where

Partners often have different time frames for their individual retirements, an issue that can be exacerbated if one is significantly older. Sometimes, differing time frames are due to policies or expectations in their respective workplaces; sometimes, it's a matter of how long each one wants – or can physically continue – to work.

The retirement nest egg is also a factor here. If you're planning to downsize or move to a location that's warmer or nearer your children, that will affect your timeline as well. There's no numerical answer (65 as a retirement age just isn't relevant in today's world) and this may be a moving target, anyway. But you both need to have a general idea on when each is going to retire.

You also need to be in agreement on where you're going to live, because a mistake on this point can be very expensive to fix. If one of you is set on a certain location, try to take a long vacation (or several) there together and discuss how you each feel about living there permanently.

#### Your lifestyle in retirement

Some people see retirement as a time to do very little; others see it as the time to do everything they couldn't do while working. While these are individual choices, they'll affect both of you as well as your joint financial planning. After all, if there's a trip to Europe in your future, there's a hefty expense in your future as well. While you may not be able to (or want to) pin everything down precisely, partners should be in general agreement on how they're going to live in

*"Helping people pursue life goals through good financial decisions."*

retirement and what that lifestyle will cost. You need to arrive at that expense estimate long before retirement, while you still have time to make any needed changes to reach that financial target.

## Your current lifestyle

How much you spend and save now plays a major role in determining how much you will be able to accumulate and therefore how much you can spend in retirement. A key question: What tradeoffs (working longer, saving more, delaying Social Security) are you willing to make now to increase your odds of having the retirement lifestyle you want?

Examining your current lifestyle is also a good starting point for discussing how things might change in retirement. Are there expenses that will go away? Are there new ones that will pop up? If you're planning on working part-time or perhaps turning a hobby into a little business, should you begin planning for that now?

## Retirement finances

This is a major topic, including items such as:

- Monitoring and managing expenses
- How much you can withdraw from your retirement portfolio annually
- What your income sources will be
- How long your money has to last (be sure to add a margin of safety)
- What level of risk you can jointly tolerate
- How much you plan to leave to others or to charity
- How much you're going to set aside for emergencies
- Who's going to manage the money, and what happens if he or she dies first

... and the list goes on. You don't want to spend your retirement years worrying about money, but not planning ahead might ensure that you will. Talk about these subjects now.

## Unknowns

"Expect the unexpected" applies all the way along the journey toward retirement, but perhaps even more strongly in our later years. What will your healthcare costs be, and how much of that will have to come out of your own pocket? Will you or your spouse need long-term care, and should you purchase insurance to cover that? What happens if the market suffers a severe downturn right after you retire?

While you obviously can't plan precisely for an unknown, talking about what might happen and how you'd respond will make things easier if the unexpected does occur. Included here is the reality that one of you will likely outlive the other, so your estate planning should be done together and the day-to-day manager of your finances should be certain their counterpart can take over when needed.

Communication is vital, especially when it comes to something as important as retirement. Almost all of us will have to make some tradeoffs and adjustments (as we do throughout our relationships), and it's important to remember that the earlier you discuss and negotiate what those are going to be, the better your chances of achieving the satisfying retirement you've both worked so hard to achieve.

If you plan on making changes in your lifestyle, please contact your advisor so adjustments can be made to your plan.

<sup>1</sup> 2018 Fidelity Investments Couples & Money Study

*Raymond James is not affiliated with Fidelity Investments.*

"Are You and Your Partner on the Same Retirement Page?" *Raymond James*, 24 Feb. 2021, [https://www.raymondjames.com/commentary-and-insights/retirement\\_longevity/2021/02/11/are-you-and-your-partner-on-the-same-retirement-page](https://www.raymondjames.com/commentary-and-insights/retirement_longevity/2021/02/11/are-you-and-your-partner-on-the-same-retirement-page)

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