

Retirement Planning Basics For Couples

Retirement — The Dream: After a lifetime of hard work — raising the kids, sweating out the bills, and building a stable and secure life — you and your spouse will be able to enjoy your golden years doing the things you've always dreamed about.

Retirement — The Reality: It might be years of fun and leisure, but retirement can also be a time of financial difficulties, compounded by illness and loneliness. An overly harsh view? Perhaps, but it's prudent to prepare for the worst while hoping for the best. That's why married couples need to arrange for their own (and each other's) retirement security as early as possible. Much of this preparation has to do with recognizing the need to "send money ahead" to fund a comfortable retirement. But there's more. Couples of all ages need to map out an understanding of the three possible stages of retirement.

Three Stages of Retirement

Stage 1 — Life as a healthy, retired couple. This is the ideal, the retirement dream that most couples envision. If they've planned well, they'll have the money to do everything they've dreamed about doing. Unfortunately, "dreaming" is about as far as retirement planning goes for too many people.

Stage 2 — Living with a prolonged illness — possibly a series of them, as health deteriorates in later years. When one partner's health begins to fail, the other becomes the caregiver. Worse, medical bills begin to soar. Without adequate medical insurance, the financial strain can be devastating.

Stage 3 — One partner dies, possibly leaving the survivor in a financially threatened position, unless proper plans have been made.

Planning is the Key

The key to coping with the potential financial difficulties of retirement is early planning. If you or your spouse are aware of and prepared for these three stages of retirement, you shouldn't run the risk of outliving your retirement funds. When the two of you consider retirement, also consider the financial aspects. Whether you're just starting out on a life together or shopping for that perfect vacation home, you'll want to consider the following:

- § Draft a will with your attorney and keep it current. It's the starting point for all retirement planning.
- § Take time to map out a retirement game plan together. Identify common goals and determine the methods for achieving them. The closer you are to retirement, the more specific your plans should be.
- § Share information and responsibilities. Make sure you know where all the financial records are and how to access them.
- § It's never too early or late to save what you can for retirement. Know the benefits of your pension plan and Social Security. Then begin to build up a supplemental fund of your own. Take charge of your own retirement — a large portion of retirement funds will need to come from personal savings.
- § Plan to properly conserve your estate. A will can only go so far. Estate taxes may erode a substantial part of your lifetime legacy — plan ahead to make sure your heirs receive what they deserve.
- § Prepare for all possibilities. Life insurance, long-term care insurance and disability insurance (during working years) can be excellent ways to protect the retirement dreams you have.
- § Have trusted professionals. It's important to develop relationships with professionals in several areas — legal, tax, insurance, and financial services professionals are the people who can help you map out and help you to fund your retirement plan with the necessary products, strategies and services.