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PERSONAL FINANCE

Retirement can be sore point for couples

Survey finds many spouses hold differing ideas of what they'll be doing

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As he often does when meeting new clients, financial planner Burt Hutchinson asked a couple around age 60 what a good day in retirement looked like to them.

For the wife, it was working in the garden. For the husband, it was stepping onto a ship for a two-week cruise.

Then came the back-and-forth. She complained that she didn't want to get seasick; he grouched that he didn't want to stay at home watching TV.

"You really start getting a little nervous because you don't see where it's going," the Delaware planner says. "We're not all shrinks, by any means."

It's not unusual for couples to not discuss retirement - even after last year's market meltdown - and then be surprised by each other's vision of life after work. A recent survey by Fidelity Investments, for instance, found that 82 percent of couples disagree on at least one of the retirement basics: when to retire, future lifestyle or whether to work in retirement.

Yet these issues are crucial when developing a financial plan to carry you through your later years. Not talking could have serious repercussions if you and your spouse aren't on the same page.

Couples don't talk for various reasons. Some assume their mates want the same thing they do. Others avoid financial discussions that can touch off an argument. And last year's market plunge may have made couples more reluctant to talk about finances.

In fact, Fidelity found that spouses are communicating less than two years ago when it first conducted the couples survey.

"We thought we would see an improvement because of all the economic turmoil," says Joan Bloom, a Fidelity executive vice president. "It seems, in fact, people are talking less or planning less."

In its latest study released this month, Fidelity asked about 500 couples ages 45 to 72 to fill out a



questionnaire separately and then compared the answers. Among the findings: 60 percent didn't agree on the age to retire; 44 percent disagreed on working in retirement

Yet when you quit work matters significantly.

"It determines how long your pot of money has to last in retirement," says Tony Webb, a research economist with the Center for Retirement Research at Boston College. "It also determines how long you have to accumulate wealth for retirement."

It might also determine when to take Social Security benefits, a crucial decision for men, who still tend to earn more and die earlier than their wives.

"The danger is the husband claims [Social Security] early, and the husband goes off and dies and leaves his widow without enough money," Webb says. "We know that most poverty among the elderly is among elderly widows."

Fidelity also found a significant number of spouses didn't see eye to eye on what investments they owned. Nearly 40 percent, for instance, didn't agree on whether they owned an annuity.

Men across all ages tend to make more of the long-term investment decisions for the couple, the survey found. Wives, too, are less likely to know the balances in retirement accounts.

Even so, 57 percent of couples told Fidelity that the best money-management advice they could give newlyweds is to make all financial decisions together. "Yet they are not doing it," Bloom says.

Many planners say they give new clients a questionnaire that each spouse fills out separately. When answers differ, the planners try to work out a compromise.

Hutchinson says his clients, the wannabe traveler and gardener, struck a deal. One year, they travel to a site selected by the wife. The next, they stay home and do an activity chosen by the husband. And so on.

Hutchinson says once clients have these conversations, they often say they wished they had started talking five or 10 years earlier.

"The critical thing is to talk about it. ... The more people plan, the better off they will be," Bloom says. "You don't have to attack the whole conversation at once."

Get the conversation going by researching retirement issues on the Internet together or trying out one of the online retirement income calculators, Bloom suggests.

Find articles about retirement and discuss them, she says. Or, gather all your financial statements and take an inventory of all your holdings. "Have a conversation over a glass of wine ... about what you own," Bloom says.

Florida planner Mari Adam suggests you each make up a list of your top three goals, compare notes and then come up with a list you both agree on.

"You have to go in the same direction," she says, otherwise "it's the Jon and Kate of the financial world."

Financial planner J. Patrick Collins Jr. in Towson says he finds that couples often hit the basics, but need

to delve deeper.

"Rather than talk about 'When do we want to retire' ... it should be more about 'Why do we want to retire? And what do we want to do?' " Collins says. "The reason people aren't planning or communicating is they don't have anything to plan for."

If talking about finances with your mate is new, you might - at least initially - avoid hot-button issues that can lead to arguments, such as how much financial support to give adult children or who is to blame for investment mistakes.

Odenton financial planner Jim Ludwick says he's taking a class on how to deal with the growing number of angry couples, where one spouse blames the other for their shrinking portfolio in the wake of last year's market downturn.

If you can discuss retirement issues with your mate politely and come to an agreement, consider yourself fortunate.

"You probably have a good marriage," says Florida planner Adam.

Retirement disconnect

A Fidelity Investments survey found that many couples don't communicate about their ideas for retirement. Among the findings:

- 60 percent don't agree on retirement age
 - 44 percent don't agree on working in retirement
 - 42 percent don't agree on expected lifestyle
 - 38 percent make financial decisions about retirement together
 - 15 percent are confident that either mate could handle retirement finances if the other died
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Here are questions from financial planners and Fidelity Investments to help launch a discussion about retirement issues between you and your mate. Answer questions separately. Then compare notes.

1. What's a good day in retirement look like to you?
2. Among retired friends and relatives, whose lifestyle would you like to emulate? How did they do it?
3. What in your mind is keeping you from achieving the retirement of your dreams?

4. Will you or your

spouse work part time

in retirement?

5. Based on your vision

of retirement, what will your expenses be?

6. Are you confident that either you or your spouse could take over the family finances, if necessary?

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