

# Five topics to discuss with your spouse before you retire

**Y**ou may have a vision for your retirement, but does your spouse share that vision? Spouses often disagree about key retirement details. It is important to work together to come up with a plan you both can accept.

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A 2013 study by Fidelity Investments found that many partners are not in accord about retirement. For example, the study found the following about couples approaching retirement: approximately 38 percent of couples disagree about the lifestyle they expect to live in retirement, 36 percent of couples don't agree on where they plan to live in retirement and 32 percent don't agree on whether they will continue to work in retirement.

To avoid future conflict, consider discussing the following important topics with your spouse as you get ready to retire:

■ **Timing.** There are many factors that enter into a decision about when to retire, including job enjoyment and financial needs. But couples also need to strategize on other timing issues such as how to

maximize their Social Security benefits. Because Social Security pays benefits to a worker and also to the worker's spouse, couples need to work together to figure out how to maximize their future Social Security benefits. Social security is extremely complex and each circumstance is different, so couples should talk early and often to a financial planner about the best strategy for them.

■ **Finances.** Both spouses need to understand their current financial situation as well as how it may change during retirement. The Fidelity survey found that wives were much less involved in retirement finances than their husbands but that women are slowly increasing their financial role. Begin to discuss what your retirement budget might look like and assess and reassess the timing of retirement. Don't forget that individuals over age 50 can typically make annual, additional "catch-up" contributions of \$6,000 to employer sponsored retirement plans. Also consider whether both of you know where important papers relating to investments, retirement accounts, life insurance and annuity policies and pensions are located. Do you both have access to the passwords to the online banking and investment accounts? Have you reviewed who you named

as your life insurance, retirement account and annuity beneficiaries? A good estate planning attorney and investment advisor will carefully review your beneficiary designations and ensure that your estate plan coordinates with these designations. This step is a critical aspect of estate planning, yet many attorneys do not take the time to carefully discuss beneficiary designations and ensure they are consistent with the client's wishes.

■ **Location/type of lifestyle.** Where do you want to live? If he loves golf and you love the beach, you may be all set. But if you love the cold like one of my friends (!), you may need to further discuss and investigate each other's needs and desires. Do you want to travel? Do you want to volunteer? It is important to have a conversation about your hopes and dreams for retirement. You can start the process by creating and comparing wish lists.

■ **Health care.** Health care expenses can consume a significant amount of retirement savings. Make sure you and your

spouse have adequate health care coverage either from Medicare or an employer-based plan. You also need to understand the rules regarding Medicare coverage. Increasingly, financial advisors make a point of learning about Medicare and supplemental Medicare plans. If you have an advisor, ask for his or her thoughts because, like Social Security, Medicare is a complex system.

■ **Long-term care.** Unfortunately, most couples are going to need some type of long-term care for either one spouse or both spouses at some point. More and more, I seem to assist both members of a couple navigate Medicaid planning and other long term care needs.

While people are living longer, at the end of their lives, they often are unable to care for themselves. There are things you can do to make it easier on yourselves if the need for long term care arises. I recommend that my clients at least investigate long term care insurance as it will typically cover home care, assisted living and nursing

care as well as permit individuals to retain control over their assets. The insurance can be expensive but many nursing homes in Rhode Island cost more than \$10,000/month! Insurance products continue to evolve as insurance carriers create non-traditional types of long term care insurance to address the concern that long term care insurance is a "maybe," i.e., something that may be paid for but never used. If you cannot qualify for long term care insurance or cannot afford it, also consider talking to an elder law attorney about incorporating long term care planning into your estate plan. Doing it early will permit you much time to make a decision.

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