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THE JOURNAL REPORT: ENCORE

'Can We Talk?'

The 10 most important questions you and your spouse should ask each other about retirement -- and probably haven't

By **GLENN RUFFENACH**
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Presumably, most wives and husbands take time to discuss the big issues in their lives: whether to have children, which career paths to follow, and who gets to control the TV remote.

So why aren't spouses talking about retirement?

A study published earlier this year by Fidelity Investments in Boston underscored what many financial planners already know: Wives and husbands aren't taking time to discuss and plan for later life. In Fidelity's survey of 502 couples -- in which spouses were questioned individually -- 41% disagreed when asked whether at least one partner would work in retirement, and 35% differed when asked about each other's expected retirement age. In all, only 38% said they worked together on financial planning for later life.

"It's hard for couples to talk about this," says Aaron Skloff, a chartered financial analyst who runs his own planning firm in Berkeley Heights, N.J. "People think about their needs in chronological order. They'll say, 'We want this vacation home now,' or 'We want this private school for our children now. Retirement? That's something that's going to happen in our 60s. We can put off planning for that because it's so far away.' "


We asked financial advisers and couples across the country to identify the most important questions that spouses should ask each other about retirement -- ideally, at least five years before leaving the office. In many cases, their suggestions focused on lifestyles first, and finances second. Here are the most-suggested conversation starters, along with some advice and observations from those interviewed.

"Do we really want to retire, and if so, when?"

Twenty years ago, retirement for the vast majority of Americans was a given, usually between ages 62 and 65. Today, decisions about later life aren't nearly as clear cut.

Many people continue to work in their later years -- some out of financial necessity, others because they enjoy their careers or wish to start new ones. (Two-thirds of 1,700 working retirees interviewed by Putnam Investments said they took jobs to help them stay healthy, energetic or mentally fit.) In short, not everyone wants to, or needs to, collect a gold watch.

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"Couples should ask themselves why they want to retire," says Ron Kelemen, a certified financial planner in Salem, Ore. "If the answer is, 'I can't stand my job,' or 'I can't stand my boss,' then that means you're running *away* from something. Retirement should be about running *to* something."

"What is our vision of retirement -- and do we share the same vision?"

Wives and husbands should ask each other how they want to spend their time in later life (traveling? volunteering?) and what a typical day might look like. The mistake comes in assuming that your partner shares your dreams about retirement and wants to pursue the same activities. Hiking the Himalayas, in fact, may be the last thing he or she wishes to do.

"Retirement sometimes creates fissures in long-term marriages," says Lenore Forsted, age 61, a community volunteer and retired lawyer in Wynnewood, Pa. "All those interests that people developed over decades of marriage suddenly assume more importance -- and it's not always true that they lead in the same direction."

Shirley Selby, 75, a self-described "activist" in San Francisco, says she and her husband took pains before his retirement to talk about their plans for later life. In the end, "we both wanted to do the same thing: community work," Mrs. Selby says. That shared experience -- her efforts to preserve and enhance Sigmund Stern Grove, a city park, and his work as president of their neighborhood organization -- not only has made for a rewarding retirement, she says, but also "keeps us in good health."

"Where do we want to retire?"

Gene and Phyllis Banucci started talking about their plans for later life about 10 years ago. One of the biggest issues they tackled was where to live.

"We looked at three possibilities," says Mrs. Banucci, 63, a retired director of human resources for ATMI Inc., a supplier of semiconductor materials that her husband co-founded. "We could be near the grandkids, stay in our home [in Danbury, Conn.] or move to a big retirement area in the South or West." The two also gave a lot of thought to the type of home they wanted.

"Most couples say, 'I'm going to get something smaller in retirement; I don't want a lot [of house] to take care of,'" says Dr. Banucci, 64, chairman of ATMI. "But with two-career couples, each is used to having their space. Too much togetherness can be a problem."

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In the end, the couple decided to split their time between Connecticut and a new home in Arizona. But that was only after renting homes in and around Phoenix over the course of five years.

Such detailed planning, according to many financial advisers, rarely enters into most couples' thinking. Many people assume that they will continue to live in their current home in retirement. If your nest egg, though, is on

the petite size, trading down to a smaller home could help reduce expenses in later life -- and should be discussed well before, not after, retirement.

"What's our strategy for building and preserving a nest egg?"

Many couples, says Eric Ross, a financial planner in Cincinnati, mistakenly think that building the nest

egg stops once they reach retirement.

"A healthy couple in their 50s should plan for at least one spouse to reach [age] 92 or 93," Mr. Ross says. "That's a 40-year horizon, which means you have to keep growing your assets."

To preserve a nest egg -- to make sure your assets last as long as you do -- means considering some unpleasant possibilities, Mr. Ross adds, and how you and your spouse might react.

"What if the broad markets go down 40%?" he asks. "What would that do to your assets, and how would it affect your lifestyle? Could you change your spending habits? Would one or both of you go back to work?"

"This is where a conversation needs to take place."

"What assets do we have for retirement -- and are they invested in the most beneficial ways to achieve our goals?"

In many households, one spouse manages the finances, and the other, frequently, has little or no knowledge about retirement planning. In the event of illness, divorce or death, that ignorance can be crippling.

With that in mind, ask yourself: Do you know what retirement accounts you *and* your spouse have? Do you know how much money you're contributing to each account and the size of the accounts? Do you have contact information -- names, phone numbers and account numbers -- for each part of your retirement savings?

Beyond knowing the contents of their nest eggs, couples should have financial goals for retirement and a plan to reach them. "Wanting to beat the S&P 500 isn't a goal," says Mr. Ross in Cincinnati. He cites a couple he knows whose modest vision of later life involves spending time with friends, bowling and helping charities. In such instances, "you might not need to beat the S&P 500," Mr. Ross says. "I think many people are invested too aggressively."

A FAILURE TO COMMUNICATE?

In a survey of 502 married couples approaching retirement, wives and husbands often had different understandings of their plans and preparations for life after the office

- **61% disagreed** on which income source (workplace savings, pensions, Social Security, etc.) would be their primary source of funds in retirement.
- **58% disagreed** about whom their spouse would turn to for financial guidance in the event of the other spouse's death.
- **41% disagreed** about whether at least one partner would work in retirement.
- **39% differed** on the amount of their life-insurance coverage.

Note: Spouses were questioned individually. On average, surveyed couples had been married 24 years and were nine years away from their expected retirement. Husbands were 54 years old, on average; wives were 53.

Source: Fidelity Investments

"How much money will we need to support our lifestyle in retirement?"

Only 43% of surveyed workers say they and/or their spouse have tried to calculate how much money they will need to live comfortably in retirement, according to the Employee Benefit Research Institute in Washington.

Yes, budgeting is always difficult -- and even more so for retirement. (What will utilities cost in 20 years?) But making the effort is an essential step in planning for later life.

Thomas Fair, 60, who runs his own auto business in Rhode Island, says he had no idea how much money he was spending -- until his wife all but demanded that they sit down and discuss their finances and future. As it turned out, "the year before last, we spent \$8,200 on our [five]

dogs and \$4,000 on wine," Mr. Fair says. "Now we have a monthly meeting, and she tells me, 'This is what we have in savings, this is what we have in the checkbook.' "

"Do we have an estate plan -- and where is it?"

Within the past year, as part of a move to Florida, Charles Murphy, 64, wanted to ensure that his estate plan was in order. That meant new wills for him and his wife -- as well as new living wills, health-care proxies and powers of attorney. At the same time, Mr. Murphy, a retired corporate financial executive, took an extra -- and critical -- step.

"I put together a two-page letter and a two-page list as a guide for my wife and our two grown children," Mr. Murphy says. "And we sat down together to review and discuss them." The letter outlines how the estate plan works and where the documents are located; the list contains a wealth of additional information: names and contact information for, among others, the couple's lawyers, banker, financial adviser, insurance brokers and accountant, as well as account numbers and the location of their safe-deposit box.

In the same vein, spouses should try to anticipate surprises in the event of their partner's death. That means, says Jason Morley, a certified financial planner and accountant in Woodbury, N.Y., asking questions like: "Do you have money that I don't know about -- and should? Are there any financial statements going to any address other than our home address? Does anyone owe you money -- or do you owe money to someone else?"

Of course, every couple approaching retirement should take steps similar to Mr. Murphy's. That said, only 45% of adults in the U.S. have a will, according to a survey published in April by Martindale-Hubbell, a legal-resources company in New Providence, N.J. Only 41% have living wills, and just 38% have health-care proxies.

"What will our legacy be?"

Yes, estate planning -- how best to transfer your assets to family members and others -- is something every couple should consider as they approach retirement. Such planning, though, also should address each spouse's aspirations: the things you hope to achieve in later life.

Mrs. Forsted, the retired attorney in Pennsylvania, suggests that couples should talk about their desired "legacy."

For instance, "What do you want to contribute for your grandchildren's education?" she asks. "Do you want to leave money for scholarships at your alma mater? Do you have enough funds to set up a family foundation, and if so, what should be its focus?"

Mr. Kelemen, the financial planner in Oregon, recommends that spouses ask each other, "What is the most significant thing I would like to accomplish before I die?" Here, as with discussions about what a typical day in retirement might look like, a focus on "commonalities" can help, Mr. Kelemen adds.

"Perhaps you want to join the Peace Corps together," he says. Again, "having a common vision on retirement usually leads to a successful retirement."

"What kind of relationships -- personal and financial -- do we want to have with our children and parents in later life?"

Under the heading of "life isn't fair," the age at which many couples will retire (early to mid-60s) will be the same moment when their parents reach their mid- to late 80s -- and, thus, will require more help. It's also the moment when requests (or pleas) to baby-sit grandchildren will turn up.

In other words, even the best-laid plans for retirement "might not get you the freedom you expect," says Derrick Kinney, a senior adviser with Ameriprise Financial Services Inc. in Arlington, Texas.

That means spouses should talk about how much time and money they're willing or able to share with family and still enjoy later life.

The silver lining: Mrs. Banucci in Connecticut notes that helping parents in their 80s and 90s with long-term care and related issues "is a valuable exercise for your own retirement planning."

"How will each of us approach, and manage, getting older?"

Spouses can end up having very different reactions to aging, both physically and emotionally, says Maryanne Vandervelde, a psychologist in Seattle and author of "Retirement for Two," a couple's guide to later life.

One spouse might become obsessed with maintaining a youthful appearance and spend thousands of dollars on cosmetic surgery or certain types of food, while the other comes to regard such expenditures as a complete waste. Or one spouse might become consumed with regrets as he or she ages, while the other finds more value in life.

Dr. Vandervelde suggests that spouses ask each other several pointed questions: "What is your attitude toward aging -- denial, facing it squarely, or ruminating about it endlessly? How do you feel about plastic surgery for yourself and for me? What are you doing to strengthen your mental health?"

Perhaps most important, Dr. Vandervelde urges spouses to have a sense of humor about getting older - - and to practice forgiveness. "Ask each other: What are you grateful for?" she says. "Sometimes, it takes getting to retirement age to really appreciate what you have."

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