

SIX QUESTIONS TO ASK YOUR SPOUSE ABOUT RETIREMENT

Throughout your marriage, you and your spouse have likely talked—and reached decisions together—about the big choices in your life: whether to have children, your career paths, the kind of home to buy, and where to live. So why does the idea of discussing life after work and planning for retirement generate emotions from anxiety to excitement for the experiences ahead?

Perhaps it comes down to this: While most couples like to think they communicate with their spouses about retirement issues, in reality, they may not be on the same page with respective retirement goals—making it difficult to open up about what they want later in life.

Uncovering your different perspectives and deciding how to handle them is a critical first step to building a retirement plan. Having an open discussion with your spouse—and answering the following six questions honestly—is a good start.

DO WE SHARE THE SAME VISION FOR RETIREMENT?

Clearly understanding what retirement will look like for each of you individually is just as important as how you view the future as a couple. You may be able to finish each other's sentences at this point in your marriage, but you cannot read your spouse's mind.

Start the conversation on a positive note—talk about the events, family milestones, and dreams you both agree on. Discuss what is most important to you, and strive to understand what is most important to your spouse. Once you have shared your expectations, talk about how you can work as a couple to make your dreams a reality. Consider where your retirement goals follow a compatible path, and identify where your goals diverge.

DO WE WANT TO FULLY RETIRE—AND, IF SO, WHEN?

Retirement today looks quite different than it did for prior generations, who generally left the workforce between ages 62 and 65. Nowadays, many individuals continue working in some capacity after traditional retirement—some out of financial necessity, others because they enjoy their careers or wish to start a new business. In fact, 60% of people who start small businesses are between the ages of 40 and 60.² If you want to work after you retire, talk about the time commitment it will take to do what you would like.

HOW WELL DO YOU COMMUNICATE WITH YOUR SPOUSE?

A recent couples and money study found seven in ten couples feel they generally communicate very well with their partner. Of those surveyed, **one in four** say they communicate exceptionally well. However, the research did uncover some room for improvement and some key areas of disagreement:

34% cannot agree on how much their other half makes—and **15%** couldn't accurately report their partner's employment status. When asked about each other's expected retirement age, **43%** of couples disagreed. And when asked how much they expect to have saved by the time they reach retirement age, **54%** disagreed.¹

Deciding when to retire may be the more complex part of the conversation, as your retirement may be longer than you think. According to Social Security, about one out of every three 65-year-olds today will live until at least age 90—and one out of seven will live until at least age 95. Also, there is no “best age” for retiring. It is a personal decision for you and your spouse based on a variety of factors: individual and family financial circumstances, cash needs, health situation, and family longevity—and when you want to start receiving Social Security benefits.³

WHERE DO WE WANT TO RETIRE?

Many couples find that without work and family obligations to tie them down to their location, retirement is time to finally explore new places either by moving or traveling. Some couples are choosing to move to a lower-cost state or country with a lower income tax rate or cost of living. Between 2007 and 2017, the number of retirees who drew Social Security outside the U.S. jumped 40% to more than 413,000.⁴ You may think your spouse will naturally feel this option is a good move if you do—however, he or she could be just as excited to settle into a quiet life in your home, age in place, and live near family and loved ones. Discuss your priorities and try to find a solution that works for both of you.

WHAT KIND OF LIFESTYLE DO WE WANT?

Only 44% of surveyed workers say they and/or their spouse has estimated how much income they would need each month in retirement.⁵ Don't assume that building your nest egg stops at retirement. The likelihood of a long retirement means you may need to grow your assets for 30 years or more.

Being on the same page with your spouse is critical to avoid surprises and to make the most of your financial situation. You should prepare for the very real possibility of a significant market decline during your golden years. Your spending habits may have to change, and one or both of you may need to consider part-time or self-employment.

WHAT IS OUR BIGGEST WORRY?

When couples surveyed were asked this question, four concerns¹ rose to the top of the list:

- Having enough money saved for retirement
- Paying for health care in retirement
- Saving enough money for a child's college education
- Paying off outstanding debt

Discussing your concerns now is a good start to determining how you would handle these situations should they arise in the future.

DO WE HAVE OUR AFFAIRS IN ORDER?

Only 40% of adults in the U.S. have a will, according to AARP.⁶ Without this legal document in place, your spouse may not know or be able to carry out your wishes in the event of incapacitation or when you pass away.

It is also important for both spouses to know where assets are stored and how to access accounts. Compile a comprehensive list of the contact and access information—names, phone numbers, account numbers, beneficiaries, and passwords—for each asset you own, individually and jointly.

Finally, make it a point to discuss your retirement plans on a regular basis. Things change—giving the retirement portion of your life the proper attention now can help you negotiate compromises for disparities and prepare for an enjoyable retirement.

Contact us to learn more about other important retirement topics you should consider and discuss as a couple.

- ¹ “The 2018 Fidelity Investments Couples & Money Study,” Fidelity Investments Institutional Services Company, Inc., April 2018.
- ² “39 Entrepreneur Statistics You Need to Know in 2020,” Dragomir Simovic, <https://www.smallbizgenius.net/by-the-numbers/entrepreneur-statistics/>, August 5, 2019.
- ³ SocialSecurity.gov, “When to Start Receiving Retirement Benefits,” Publication No. 05-10147, January 2020.
- ⁴ “Why More Americans are Retiring Abroad,” Aimee Picci, <https://www.cbsnews.com/news/retirement-crisis-economic-refugees-why-more-americans-are-retiring-abroad/>, September 23, 2017.
- ⁵ Employee Benefit Research Institute and Greenwald and Associates, 2020 Retirement Confidence Survey.
- ⁶ Walls, Barbranda Lumpkins. “Survey: 60% of Americans Lack Will or Estate Planning,” AARP, 24 Feb. 2017, www.aarp.org/money/investing/info-2017/half-of-adults-do-not-have-wills.html.

The opinions and other information in the commentary are provided as of July 17, 2020. This summary is intended to provide general information only, and may be of value to the reader and audience.

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