

In the Press

Webb Financial Group, LLC

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Spouse in the house: Coordinating a couple's retirement plan is no easy task

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For married couples, the complexity rises exponentially as they weigh varying Social Security benefits at different ages, read the fine print on their pensions, consider their overall financial outlook and assess each spouse's penchant -- or lack of it -- for working longer.

"It's really easy when people are the same age and they've saved properly and both retire at the same time. As long as they've got the money, it's really easy to do," said Michael Bischoff, a certified financial planner with Webb Financial Group in Bloomington, Minn.

But difficulties can arise when spouses are different ages, and are worried about outliving their assets: Say, one spouse is 62 and ready to draw a pension and Social Security, and the other is 58 and still subject to early-withdrawal fees for IRAs and other retirement plans.

"That's when it gets a little more difficult," Bischoff said. The younger spouse should work more years to beef up the savings, but when the first spouse retires, "the other spouse will say 'I'm ready to retire right now because I like his lifestyle. I want to join that.'"

Another potential retirement roadblock: A failure to discuss each spouse's leisure-time plans.

"It isn't just planning their finances," said Bob Carlson, author of "The

New Rules of Retirement: Strategies for a Secure Future," and "Retirement Watch," a monthly newsletter. Carlson is a certified public accountant and lawyer in Fairfax, Va.

"They have to plan how they're going to spend their days, what they anticipate doing in retirement. That

"(Retiring together) is real easy when people are the same age and they've saved properly..."

- Michael Bischoff

will determine how much retirement will cost, but it also determines how happy they are in their retirement," he said.

Carlson said he worked with a manager who heard from the wife of a recently retired employee. She called the manager to ask, "Don't you have anything my husband can do?" Carlson said. "It's not the money. It's just how they're going to spend the day."

"When you're working, your days are structured for you, and a lot of people, if that structure's not imposed on them and they haven't thought about it ahead of time,

they'll kind of be lost," he said.

The key to avoiding that fate, these planners say, is for couples to have detailed conversations about both their financial expectations for retirement, and about how they hope to spend their free time.

"Sometimes husbands and wives have different ideas about their retirement and they often really haven't discussed it," said Sandra Timmermann, a gerontologist and director of the MetLife Mature Market Institute, a research institute run by MetLife, the insurer.

"Say a husband likes to play golf and he thinks of moving to North Carolina, and the wife is saying 'I want to be near my grandchildren, who are living here,'" she said.

While couples of any stripe can have differences, those who are far apart in age should expect lifestyle issues to arise if they fail to discuss a spouse's impending retirement.

For one couple, that lack of pre-retirement talking led to a lonelier retirement: The retired husband, in his 60s, is sojourning solo in Africa while his wife, in her 40s, continues to make her mark in the corporate world -- even though they don't need the money, said Kathleen Gurney, a psychologist and chief executive of the Financial Psychology Corporation, in Sarasota, Fla., a maker of money-management tools.

"With this age range, you could have anticipated that something like this would happen. She feels she's too young to retire. She wants to prove herself," Gurney said.

Financial questions

Of course, finances play an important role in determining who retires when. For many couples, the key factor is who's got medical insurance.

"The people I talk to, that seems to be the deciding factor in determining why they won't both retire at the same time," Carlson said.

Another issue: Social Security benefits. Many financial planners suggest taking early benefits at age 62. But that's not the right decision for everyone.

Those with pension benefits will have to assess the best year to retire based on maximizing that benefit. Sometimes, it makes a lot of sense to push on at your job for a few more years, said Michael Eisenberg, a personal financial specialist and founder of Eisenberg Financial Advisors in Los Angeles.

One couple recently found themselves in that situation, he said. "She had maxed out her retirement benefits and the husband said, 'I could hang on to this job for two more years, at which point I max out my retirement benefit and then for the rest of our lives we're sitting prettier,'" Eisenberg said.

"You have to look at the criteria for their retirement plans to make the decision should you leave or stay two years longer," he said.

"When you think about it, 12 months, 24 months, you blink and it's over. And when you look at the financial rewards, there's a light at the end of the tunnel. As long as you can see that light, I think people can hang in under all circumstances."

The key to any retirement planning is starting as soon as possible.

"Sit down at least three to five years before, get all your documents together, your pension estimates, your Social Security estimates, your savings, your 401(k) statements, and go see a financial planner," said Rosanne Grande, managing director of R.W. Roge & Company, a money management firm in Bohemia, N.Y.

"Don't wait until it's too late. We had someone who had to go back to work. It was heartbreaking to tell him that. He had already put in his papers" to retire, Grande said.