

Money and You: Money isn't the only issue in retirement

by *Carrie_Schwab_Pomerantz*

When the husband of a friend recently announced his plan to take early retirement, he'd just turned 60 and been offered a good package, his wife told me she was worried. Anna was still working hard and planned to put in several more years before leaving the work force.

"Here's my fear," she told me. "I'm going to be immersed in my usual 9-to-5 crush, trying to fit everything in, and Max will be operating at a completely different pace, with lots of leisure time as well as time to explore new interests. To be completely honest, I'm a bit jealous; however, I'm just not ready to give up my career. I'm concerned that this new difference in our lifestyles will spill over into other aspects of our lives and affect how we relate to each other."

I found Anna's concern extremely compelling for two reasons. First because retirement is a huge life transition - with financial implications obviously - but with all kinds of interpersonal ones as well. I knew enough about Max and Anna to know that running out of money wasn't the issue. But when one spouse retires and the other continues to work, other interesting issues that connect the personal and the financial can arise. For example, how do the financial dynamics of the partnership change when one person works and the other doesn't? How should the division of labor around the household change? In other words, how should a couple renegotiate these and other terms of their day-to-day lives?

It's clear that Max and Anna aren't alone. The baby boomer generation started turning 60 last year, which means that millions of boomers are retiring every year. So what should Max and Anna do? What would you do if you're in a similar situation? My advice is to talk through several issues before either partner makes this life-changing decision:

- **Income:** For Max and Anna, income won't change dramatically, given his ample pension and the retirement assets he's amassed over his career. They'll continue to fund their life together as they've done before.

If the retiring spouse will experience a significant drop in income, the couple might want to rethink how they bear this shared financial burden. The key in that case is to avoid a feeling of resentment by the working spouse, who might feel bitter about having to work while his or her partner enjoys a life of leisure.

- **Spending money:** Spouses should be equal partners regardless of who makes more money, and retirees (along with stay-at-home moms or dads) shouldn't feel impoverished by the fact that they're not bringing home the bacon. Make things equitable by adopting one of these tactics. Each spouse contributes equal amounts to a joint account for household and shared expenses, then uses the leftover income for personal, discretionary spending. Or both spouses funnel all their income into a joint account and pay themselves an "allowance" each month for personal spending.

- Household responsibilities: It's a fact, unfortunately, that women in two-career families do more work around the house than their husbands. But I believe that the retiring spouse, regardless of gender, has to be willing to step up and play a more active role in the management of the household.

- Stay engaged: This is advice for the retiree. Find something to engage your energies, particularly if you're retiring early and in good health (but really, it's good advice at any age). Retirements can last a long time today, and you need to be prepared for what some people are calling the "Second Stage" of life. This could mean working part time or consulting in a former profession; volunteering or taking up a new activity, or even embarking on a second career. Of course a retiree is entitled to some leisure, that's what retirement is about. Don't let inertia set in; you'll be unhappy and so will your spouse.

- Keep talking: This is probably the most important piece of advice for Anna and Max. There is no question that Max's retirement represents a major shift not only for Max, but for Anna and Max's marriage as well. This couple is fortunate in that they are financially secure. In order to continue operating as a close couple, they need to support each other emotionally. Max is retiring now, but Anna will face similar decisions in a few years. I firmly believe that communication and respect are the key to making this (or any other life transition) successful.

I realize that for many people the question of what to do in retirement will take a back seat to the question of how to pay for it. You know my answer to that one: save, save, save; invest, invest, invest. Everyone can make retirement a lot easier financially simply by working longer.

For a growing number of Americans, the transition from career to retirement raises a lot of non-financial issues as well. Talk about them with your spouse or partner so that both of you can get the most out of your retirement years.

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