

# when retirements don't coincide

HE WANTS TO RETIRE, BUT YOU LOVE YOUR JOB. OR VICE VERSA.

Either way, couples face a challenge of not only saving enough to one day quit work, but in deciding just when that "one day" will be.

**D**ON HERRON CAME HOME ONE AFTERNOON in the early '90s and told his wife Pat he was thinking about retiring. That was a surprise to Pat, who told him that she was not "mentally ready" for that. Don's response: "You being mentally ready has nothing to do with me retiring."

The Austin couple chuckles about that conversation now. And they did eventually talk about Don's retirement, since he waited until 1996 before officially clocking out of the workforce for good. That year, at age 52, Don said goodbye to the Internal Revenue Service, where he had built a 30-year career. What's Pat been doing all this time that Don's been retired? Happily continuing to tend to her commercial real estate business, Herron Partners. And she plans to keep working for many more years, leaving her retired husband to enjoy his non-work life mostly on his own.

## Retiring Together, or Not

While the Herrons obviously aren't the poster couple for traditional retirement, their situation might not be as unusual as it seems at first glance. In 2007, Fidelity Investments conducted research of the retirement attitudes of pre-retirement married couples. The company wanted to see how in sync Baby Boomer spouses were with their retirement planning.

Surprisingly, according to Fidelity's research, husbands and wives do not necessarily see eye-to-eye on their expectations for retirement. Two-in-five couples (41%) diverged on whether both or at least one spouse would work in retirement. More than one third of couples differed on their expected retirement ages. Wives were generally more on target regarding their husband's retirement age. Men, on the other hand, tended to >>

underestimate their wife's age at retirement, believing their better halves would retire earlier than the age the women themselves estimated.

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## Getting to Retirement Now Tougher

Don Herron's retirement age definitely was not what either he or Pat expected. But when the opportunity arrived, it was an opportunity he couldn't ignore. Unfortunately for many workers, retiring early nowadays is even more difficult. Fewer people spend their entire careers with one employer. Employees, not their companies, are responsible for the bulk of their potential retirement savings via 401(k) and similar plans. And then there's the economy. In 2007, the investment company Fidelity found that more than one third (37%) of the surveyed couples diverged on expected lifestyle in retirement. Husbands two years ago were slightly more optimistic than their wives about their retirement years' standard of living.

Although a new study finds men still are a bit more likely than women to be confident about having enough money to take care of basic retirement expenses, overall views of retirement have gotten less rosy. Blame the recent economic troubles on the tarnished view of the golden years.

The Employee Benefit Research Institute (EBRI) has been conducting an annual Retirement Confidence Survey since 1993. Over the past two years, say EBRI analysts, the survey has measured a significant decline in worker confidence about the ability to secure a financially comfortable retirement. One of the most marked changes has been the age at which workers now expect they will be able to retire. Twenty-eight percent of workers in the 2009 Retirement Confidence Survey said the age at which they expect to retire has changed in the past year. Of those, the vast majority (89%) said that they expect to wait longer to retire.

The poor economy (36%) and the need to make up for investment losses (28%) were the top two reasons given for postponing retirement. Other reasons for an expected change in a worker's retirement age included:

- Want to make sure have enough money – 24%
- Cost of living higher than expected – 9%
- Social Security may not be there for me – 4%
- Want to work – 3%

That last reason, “want to work,” is what keeps Pat Herron happily heading to her office. She doesn't envy Don's retired status, or as she jokingly refers to it, his unemployment. “No, no, no,” she replied when asked if she's contemplating soon joining her husband at home full-time. “I really enjoy what I do,” she said of the career she's built over the last 28 years. Plus, she has enough flexibility with her own company, assisted by today's technology, to allow her to conduct business quite effectively outside the traditional strictures and still join Don now and then for some down time. Of course, he has to make time for her. “He's actually been busier since he retired than before,” Pat said. “He has a calendar and keeps a detailed calendar of what he has to do when.” Most of all, Don enjoys being in charge of his retirement. “I like the freedom of controlling my time now,” he said. “I stay busy, but I get to say if I don't want to stay busy, I don't have to.”

## Plan and Follow Through

Regardless of whether you and your partner retire at the same time or many years apart like Don and Pat Herron, planning is key.

A professional financial planner can work with you to map out the route to your retirement destination. If, however, you prefer the do-it-yourself path, there are several tools you can use. Some are free; others are available only by paid subscription:

Morningstar Retirement Planner ([www.morningstar.com](http://www.morningstar.com)) utilizes the respected investment analysis company's research, reports, commentary and data as part of its retirement planning program.

Vanguard ([www.vanguard.com](http://www.vanguard.com)) offers a free retirement calculator. It's simple to use and can help you determine if you're saving enough. However, it's a bit hard to find. Click “Planning & Education” and then “Retirement Planning.”

T. Rowe Price ([www.troweprice.com](http://www.troweprice.com)) offers a free calculator to help find out whether your savings will last as long as you do. Click “Investment planning & tools” and then “Retirement planning.”

E\$Planner ([www.esplanner.com](http://www.esplanner.com)) software offers detailed projections of future investment returns, retirement spending and insurance needs. You can purchase an annual subscription of the basic or plus version.

Quicken ([www.quicken.com](http://www.quicken.com)), the popular financial software, includes a retirement planner that will give you a rough idea of how much you need to save. ★