

# Hearts & Wallets

## Only 1 in 3 Couples Discuss Retirement Plans

### *Romantic Retirement Somethings Couples Should Whisper, But Aren't*

(Rye, NY) – Only one third of U.S. couples discuss retirement plans, declining from around 40% in 2013, despite 1 in 4 worrying their partner will be unable to manage finances without them, according to a new study by Hearts & Wallets, the source for retail investor data and insights.

**Retirement: Funding, Replacement Rate and Sources of Income** examines visions of retirement lifestyles, income replacement rates, and sources of income in retirement for Americans at every lifestage, allowing comparisons of anticipated and actual financials. The study includes a bi-annual examination of the state of couples and retirement planning.

The percentage who worry about their other half's financial acumen rose from one-fifth of all couples two years ago to quarter. One in 6 worries they'll be the partner unable to manage. About 1 in 5 partners are completely unengaged. Younger, less affluent consumers are the least likely to have discussed retirement. Over half of couples with more than \$100,000 in investable assets – and almost two-thirds of wealthy couples (\$2 million-plus) – plan their retirement together. Older couples are more likely to have discussed retirement, ranging from about 40% of Late Career couples (ages 53 to 64) to 45% of fully employed seniors. In contrast, only 28% of Emerging households (ages 21 to 27) have brought up the topic.

“Talking about retirement doesn't seem like a romantic conversation, but thinking about the future could recapture that spark of when you were first planning your life together,” Laura Varas, founder and principal of Hearts & Wallets, said. “In our studies, Americans talk about the positive benefits of retirement like travel, less stress and time to do what they want. It's important to plan together how to optimize that last chapter of life.”

### **Speed Bumps to Happily Ever After**

Hearts & Wallets research identifies two particular trends in couple retirement planning disconnects –

**Lack of cross-training** – Successful couples divide labor in a way that works for them. But it's important to remember to cross-train, whether for financial tasks or homemaking.

**Trouble with trophy partners** – A younger partner may boost the ego, but be a bane for retirement planning. Age gaps complicate retirement planning for 1 in 12 couples. This can be as true for first marriages as for successive unions.

-more-

# Hearts & Wallets

## Only One-Third Couples Discuss Retirement/2

Key themes in Hearts & Wallets research for discussion about retirement include –

- **What have you “always wanted to do?”** Save for those special goals. Retirement is the time of life to seize the moment. If not by then, when?
- **Weigh the pros and cons of downsizing your home.** The downsizing conversation is best earlier rather than later. Focus on what you gain versus lose. With lower expenses, what could be done with the money? Where could you live?
- **Understand couple dynamics for Social Security.** If one spouse’s Social Security is a major part of your retirement income, discuss term life insurance to cover the major benefits reduction if the retired breadwinner dies.
- **Agree upon your retirement spending pattern.** Spending preferences in retirement vary from steady to “chunk or nothing.” Some like to spend in steady, predictable amounts each month. Others prefer to take a chunk of assets at a time. Still others spend nothing or almost nothing of their personal assets. Reasons for taking chunks are less for health issues than for long dreamed-of vacations.<sup>1</sup> Couples should discuss and agree upon spending in retirement. No one way is right. It’s about having peace of mind and enough money to spend those twilight years together in comfort.

“Couples can recapture romance in planning the last chapter of their financial future,” Varas said.

“Our research finds the biggest surprise of modern retirement is how much people enjoy being retired. Some will want to work as long as possible, but for those who do retire, the biggest surprise is how nice it is. And that their income needs might not be as much as many calculators project.”

About half (48%) of future retirees expect to live on 60% or less of current income. Future retirees expect more income from personal assets (25-30%) than current retirees draw (12%). 60% of current retirees live on less income than when working and have become more reliant on Social Security.

### Methodology

**Retirement: Funding, Replacement Rate and Sources of Income** examines visions of retirement lifestyles, income replacement rates, and sources of income in retirement for Americans at every lifestage and is drawn from the **Hearts & Wallets Investor Quant (IQ) Database™**. This syndicated research platform serves as the engine for Hearts & Wallets’ qualitative, quantitative, market sizing and competitive intelligence research. It consists of 10,000 sets of consumer feedback on financial services firms from over 5,000 U.S. households annually and over 35,000 U.S. households from the past six years.

### About Hearts & Wallets®

Hearts & Wallets is the consumer and competitive data platform for the investment industry that combines consumer marketing and strategy consulting frameworks with a practical understanding of how the investment, retirement and banking industries function. Leading financial institutions use Hearts & Wallets data and research insights to make decisions, stay informed about trends, and inspire innovations that will ultimately improve customer outcomes. For more information, visit [www.heartsandwallets.com](http://www.heartsandwallets.com).

### Media Contact

Lynn Walters [lynn@heartsandwallets.com](mailto:lynn@heartsandwallets.com)  
(603) 498-1044

### Hearts & Wallets Founder and Principal

Laura Varas [laura@heartsandwallets.com](mailto:laura@heartsandwallets.com)  
(781) 741-5200

###

---

<sup>1</sup> Hearts & Wallets topical brief, “No Reason for Shame: Uncovering the Real Drivers Behind Chunk or Nothing Spending in Retirement.”