

Start Talking About Retirement

If you ask people what creates stress in their lives, money is often at the top of the list. *Stress in America: Paying With Our Health* found money was a somewhat or a very significant source of stress in the lives of 64 percent of Americans, primarily parents, younger generations, women, and lower-income households.^{1, pg 10}

“Significant sources of money-related stress reported by Americans include paying for unexpected expenses (54 percent said very or somewhat significant), paying for essentials (44 percent said very or somewhat significant) and saving for retirement (44 percent said very or somewhat significant).”^{1, pg 7}

In many cases financial stressors are exacerbated by a lack of communication. After examining the answers of 1,800 Americans who are in relationships, *NerdWallet.com* determined lack of communication, in tandem with a failure to save and too-conservative investment choices, has contributed to many couples’ lack of retirement readiness.²

“It’s fun to think about what the future may hold – to a point. Three out of four (76 percent) Americans in a relationship where at least one partner is saving for retirement say they’ve discussed general retirement planning issues, such as at what age they want to retire, where they want to live, and what they want to do. But, the conversation seems to trail off when it comes to calculating the specifics.”

In other words, we tend to skim the surface when talking about retirement and never delve deeply enough into the topic to develop an actual plan that will help make retirement a reality. For instance, do you know how much your spouse/partner is setting aside for retirement? Does he or she know how much you’re saving? *NerdWallet.com* and the *2016 Retirement Confidence Survey* (by Employee Benefit Research Institute) found:

- 21 percent of Americans have no idea how much their spouse/partner has saved for retirement.²
- 21 percent of Americans have not told their spouse/partner how much they have saved for retirement.²
- 43 percent of Americans don’t consult with their spouse/partner before making trading decisions.²
- 52 percent of Americans have not determined how much they need to save to retire comfortably.³

America may be the home of the brave but we’re not very courageous when it comes to talking about finances. Last year, *Time Magazine* reported, “Most Americans would rather have a talk about the birds and the bees than any conversation related to finances.”⁴ If you’re one of them, and a life goal is retiring comfortably, then you need to reconsider your position.

Americans actually talk about money a lot in general conversation. Think about it. How many times have you talked about tuition, the cost of food or gas, income, interest rates, taxes, the economy, stocks, banking, loans, or a similar topic? People talk about money all the time. However, when the conversation turns to specifics, they often get uncomfortable.

Even if conversations about money trigger discomfort, it's important for couples to have them. It can help to set some ground rules. For example, you may want to:

- Share a list of discussion points
- Sit together without any distractions, such as smart phones or televisions
- Let each person speak for a specific period of time (two to three minutes)
- No one should use blaming language or name calling (focus on 'I' statements rather than 'you' statements)
- Listen and share your understanding of what's being said
- If tempers flare, take a break

The goals of the conversation, and it may take several conversations to reach these goals, are to develop a shared vision for retirement and a plan for achieving it. You'll need to talk about how much you have saved already, how much you need to save (this may require you to examine spending patterns and identify ways to save), how you want to invest those savings, the sources of income you'll have during retirement (Social Security, pensions, etc.), and when and how you'll generate income during retirement.

If discussing money is an issue, then engaging a neutral third party to lead the discussion may help. A good candidate is your financial advisor, particularly if he or she has experience with retirement planning.⁴

Once you have set goals and expectations for retirement, determined how much money will be needed, shared how much money you are saving, learned how much your spouse or partner is saving, and talked about how your savings are invested, you can work with your financial advisor to develop a retirement plan. Remember, having a plan is not enough. You must implement the plan to reach your goals!

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

Sources:

¹ <http://www.apa.org/news/press/releases/stress/2014/stress-report.pdf>

² <https://www.nerdwallet.com/blog/investing/study-couples-keep-retirement-savings-secrets/>

³ https://www.ebri.org/pdf/surveys/rcs/2016/RCS_16.FS-3_Preps.pdf

⁴ <http://time.com/money/3892333/couples-money-conversation/>

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