A Retirement Planning Checklist for Couples

Fidelity Investments® recently surveyed 648 married couples, ages 46-75, to find where husbands and wives agreed or didn't agree on their knowledge, expectations and opinions about retirement[1]. Results showed that 62 percent of couples don't agree on their respective retirement ages, 47 percent are not in agreement on whether they will work in retirement, and 33 percent have different ideas regarding their expected lifestyle in retirement. With this in mind, Fidelity® developed a list of suggested steps couples should take as they approach retirement, to help prepare for a more secure financial future.

Cover the Basics

- ✓ **Define your lifestyle.** *One-third of couples (33%) surveyed don't agree on lifestyle expectations in retirement.* Determine what you both want from retirement. Will you continue to work, and live your current lifestyle? Do you dream of traveling? Where will you live?
- ✓ **Choose your target date.** *More than three in five couples (62%) differ on their expected retirement ages.* Discuss with one another what age you would like to retire. Are you working toward an early retirement?
- ✓ **Decide if you will work in retirement.** *Almost one-half of couples (47%) surveyed don't agree whether they'll work in retirement.* Before you can put a realistic retirement plan in place, it is important to understand if you will need to supplement retirement income with part-time work, or if you would like to work in retirement by choice.

Work as a Team

- ✓ **Two heads are better than one.** *More than half (58%) of couples surveyed say one of the best pieces of advice they would give to newlyweds is to make all financial decisions together.* Be an active partner and joint decision-maker when it comes to financial planning; don't leave it all to one spouse.
- ✓ **Consider working with a professional.** *More than half (58%) of couples surveyed agree they are working with a financial professional to help them reach their retirement saving goals.* Fidelity finds that most couples can benefit from the fresh, unbiased perspective of a financial professional. Sharing ideas and working as a team with a professional, as well as your spouse, to plan for retirement can help lay the groundwork and ensure you stay on track to achieve your retirement goals.
- ✓ **Create a plan.** *Sixty-three percent of couples surveyed have worked on a detailed retirement income plan to ensure they do not outlive their savings.* Both spouses should acquaint themselves with the key components of a successful retirement income plan (e.g., budget, asset allocation strategy, withdrawal strategy) and what makes it successful. Work with a financial professional, or develop your own plan particular to your individual retirement time horizon, risk tolerances and goals. Create a detailed retirement income plan with Fidelity's Retirement Income Planner[2] at www.fidelity.com/incomeplanner.
- ✓ **Stay on Track**. *Fifty-seven percent of couples don't agree about the frequency with which their retirement portfolio reviews take place.* It is key to monitor and rebalance your portfolio at least once a year to make sure you are comfortable with the level of risk. Proper asset allocation becomes more important during times of extreme market expansion and contraction, as asset classes grow at different rates and lose value at varying levels.

-more-

[1] *2011 Fidelity Investments Couples Retirement Study.* Online survey fielded in May 2011 through Knowledge Networks Inc.'s nationally representative panel and conducted by Richard Day Research.

[2] Retirement Income Planner is an educational tool.

- ✓ **Catch up on savings**. *Couples generally agree about the sources they have for retirement income-- 75 percent of pre-retiree couples and 34% of retiree couples surveyed agree that they own a workplace retirement plan, such as a 401(k); and 66 percent of pre-retire couples and 75 percent of retiree couples agree they own an IRA.* Help increase your savings by investing the maximum in your 401(k) and IRAs. The IRS sets an annual contribution limit for 401(k) participants at $16,500 and $5,000 for IRAs in 2011. If you're trying to catch up and are age 50 or older, you can contribute an additional $5,500 and $1,000 respectively to these accounts in 2011. Annuities, which have no contribution limit, can also allow couples to meet their retirement savings goals by saving even more tax deferred.
- ✓ **Consider income alternatives.** *Forty-two percent of couples surveyed are concerned about inflation cutting into savings and 19 percent are concerned that their Social Security benefit will be reduced.* To supplement an income beyond a pension and Social Security, annuities can provide a guaranteed[3] income payment to help cover essential fixed expenses.

Discuss Future Needs

- ✓ **Assess retiree health care costs.** *Roughly a third (31%) of couples surveyed agree that unexpected major health care expenses is among the top concerns in retirement.* Fidelity estimates that a couple retiring in 2011 at age 65 with no employer-provided health care coverage will need $230,000[4] in savings to fund out-of-pocket medical expenses in retirement. Get to know Medicare and how any employer-sponsored health benefits will work with Medicare in retirement. If you will need health care coverage between your retirement date and when you are eligible for Medicare (generally age 65), find out the cost of coverage under COBRA and various individual or association programs, if you qualify.
- ✓ **Understand Social Security.** *More than a third (37%) of couples surveyed expect Social Security will be one of their top three income sources in retirement.* Work with the U.S. Social Security Administration (www.ssa.gov) to familiarize yourself with how Social Security works, the benefits due to you, and the steps you need to take to activate your payments upon retirement. Determine your optimal age to begin taking payments; you may want to consider delaying the age at which you collect in order to increase your monthly payment. If you decide to retire prior to age 62, you should contact the Social Security Administration to order a revised statement with the new retirement date to determine any changes in your payment.
- ✓ **Determine if you will leave a legacy.** *Forty-three percent of couples surveyed agreed that leaving a legacy for their children or grandchildren is a goal.* If leaving a legacy is something you are striving toward, Fidelity recommends involving adult children in estate planning discussions, including those involving a financial professional. Six in 10 couples (59%) who had estate planning discussions with their children say it was "easy" for all involved.

###

Fidelity Investments and Fidelity are registered service marks of FMR LLC.

Neither Richard Day Research nor Knowledge Networks, Inc. is affiliated with Fidelity Investments.

The experience of the couples who responded to the 2011 Fidelity Investments Couples Retirement Study may not be representative of the experiences of all investors.

Fidelity Brokerage Services LLC, Member NYSE, SIPC
900 Salem Street, Smithfield, RI 02917

Clearing, custody, or other brokerage services may be provided by Fidelity Brokerage Services LLC or National Financial Services LLC, Members NYSE, SIPC.
200 Seaport Boulevard, Boston, MA 02210

586839.2.0
© 2011 FMR LLC. All rights reserved.

[3] **Guarantees are subject to the claims-paying ability of the issuing insurance company.**
[4] Fidelity Consulting Services 2011, *Retiree Health Care Cost Estimate*[SM]. Assumes no employer-provided retiree health coverage and life expectancies of 17 years for a 65-year old male and 20 years for a 65-year old female.