

# Marriage and Money after Retirement

Studies show that the number one source of stress in marriage is money.

## Introduction

The potential for stress does not go away just because you retire. In fact, it can become more intense. In order to minimize that stress, you must have a solid plan for managing money during your retirement years. This Tip Sheet offers 5 steps to take to create a plan.

## Tips

### **1. Both you and your spouse should commit to talk about money.**

Even though one person may write out the bills, couples should have regular conversations about income, expenditures, spending priorities, etc. One part of communicating with your spouse about finances is understanding where you and your partner's beliefs about money come from. We are all influenced by the attitudes of our parents, siblings, grandparents, even friends and co-workers. The other part is having open and honest talks about how your roles with money have changed and may continue to change. Understanding how your spouse feels about money and being aware of each other's transforming financial roles are important to any healthy conversation about your finances (for more information on this topic see Additional Resources).

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### **2. Determine where you stand financially.**



Together, complete a net worth statement showing all of your assets and liabilities (your assets are those items that have some value while a liability is any amount of debt you owe). Make sure you both understand what each line item is. Then, jointly determine your monthly income from all sources (pension, social security, rental, dividends, etc.). Without any discussion about each other's spending habits, figure out what you spend. Include expenses that are the same each month (mortgage, car payments, insurance, etc.) and include expenses that change from month to month (groceries, utilities, clothing, gifts, etc.).

### 3. Set goals

Now it is time for both you and your spouse to write down any goals on your own. Be very specific (travels, hobbies, contribute to grandkids' college funds, etc). Sit down with your spouse to discuss what each of you has written. Each of you should have the chance to go over your list without interruption. Make sure you are listening to your partner's list and not just thinking about reasons why his/her goal isn't a good one!

Put a price tag on each of the goals you have set for your lifestyle.

### 4. Develop a spending plan (budget).

Put a price tag on each of the goals you have set for your lifestyle. For instance, if you would like to go bowling every week, make it a line item in your budget and figure out how much it will cost to get there, pay for it, eat lunch there, etc. Your budget

should also include any financial goals. For instance, if you would like to contribute \$50 a month to your grandkids' college funds make that a line item, too.

### 5. Look for ways to cut expenses.

Since you will have more free time, you can easily spend more on hobbies, travel, social activities, shopping, etc. However, since you probably do not have unlimited resources you should look for ways to trim expenses without either spouse feeling like he/she is giving up everything. Sit down together with your spouse and discuss the following ways the two of you can cut back on spending. Here are some ideas (some may work for you, others may not):

**Groceries**—First, decide how much you are going to spend. Estimates show that as much as 40% more money is spent when you shop without a list! Second, make a grocery list and stick to it. Third, find coupons for the items on your list. Last, always eat before you go to the store to keep from making impulse buys. Studies show that people spend 10% more than they normally do when they shop on an empty stomach!

There are some other ways to shop smart. Buy all of your nonperishable items in bulk. Canned goods, sugar and flour can be bought in bulk when they are on sale. Meats that are approaching their expiration date are usually significantly discounted; just cook the meat that day or freeze it. Store brands tend to be cheaper than name brands.

Look "low." Since manufacturers pay premium dollars to get their products placed at eye level that is where the highest priced items are placed. Get lower prices by selecting the same product from the bottom shelf.

**Utilities**—There are many ways to reduce utilities costs according to the Department of Energy. You can cut lighting costs by 50% if you replace 25% of your lights in high-use areas (kitchen, den, hallways) with mini fluorescent bulbs. Installing a programmable thermostat can save as much as 10% a year on your

heating: program your thermostat to automatically reduce the temperature 10% to 15% for 8 hours. Set your thermostat as low as is comfortable because for every degree you lower the thermostat setting, you can save up to 3% on your heating bill. Storm windows can reduce heat loss by as much as 25 to 50% and be sure to weatherize them.

**Property Taxes**—According to the National Taxpayer Union, between 30 and 60% of all U.S. property is assessed at a higher value than it is worth. Additionally, approximately 50% of those who contest their tax bill have their assessment reduced. Resources such as the National Taxpayer's Union can help.

**Life Insurance**—The purpose of life insurance is to replace a breadwinner's income if he/she dies before being able to accumulate enough assets to maintain your lifestyle. So, if you are retired and living on investments or retirement income, and these assets can sustain the way of life that you are used to, you may not need life insurance.

**Auto Insurance**—Several methods exist to reduce costs associated with automobile insurance. For example, raising your deductible on collision and comprehensive (fire and theft) coverage can lower your costs substantially. If your car is 5 or more years old, you may be paying more in premiums than the insurance company would pay if you had a claim. If that is the case, drop the collision coverage and bank the savings. Discounts to ask for include a multi-policy discount (for more than one type of policy with the same company), a discount based on your credit score (if it's a high score) and senior citizen's discounts.

**Homeowner Insurance**—Tactics to reduce homeowners insurance include raising your deductible and purchasing multiple policies from the same company for a multi-policy discount. Also, be sure to tell them if you don't smoke (or quit if you do!) because some companies give discounts for non-smokers. Finally, make sure you ask about senior citizens discounts. Because retirees are more likely to be home than working people, homes are less likely to be burglarized and homeowners are more likely to discover a fire. Discounts for senior citizens can be as much as 10%.

Tactics to reduce homeowners insurance include raising your deductible and purchasing multiple policies from the same company for a multi-policy discount.

**Prescription Drugs**—Always ask your doctor for free samples! Drug company sales representatives leave lots of samples for doctors. When you are trying out a new prescription, always begin with a 2-day supply. That way, if your body reacts negatively to it, you will not have paid full price. In addition, drug manufacturers usually offer coupons and rebates. Be sure to check the back of the box or the inside of it before you toss it! Try not to buy brand name if you can avoid it as generics can save you between 30 to 50%. If they're not available, shop around for cheaper brands.

Studies show that online pharmacies consistently deliver the lowest overall prices. In fact, there are online shopping services now that will search for the best deal among online pharmacies (see Additional Re-

sources below). Try and get your pharmacist to match any online pricing you find. Be sure to check your own pharmacy's online price as it can be 15% lower. Ordering by mail is a money-saver, too.

If you will be on a drug for a month or more, ask your physician if it is appropriate to order a bulk supply. Some insurance plans allow you to order a 90-day supply for one co-pay.

Veterans may be able to get drugs at a very low cost at a Veteran Affairs outpatient clinic. For more information, see Additional Resources.

## Conclusion

Retirement places its own challenge on the couple relationship and financial issues are one aspect of this. Keep in mind that you and your partner are a team and you need to 1) talk about money, 2) make sure you both understand your financial situation and 3) revisit your financial plan as your needs change.

## Additional Resources

To search for the best deal among online pharmacists, go to [www.pillbot.com](http://www.pillbot.com)

For more information on veteran benefits, go to [www.va.gov](http://www.va.gov) or call 1-877-222-8387

More money-saving tips can be found at [www.howtocutexpenses.com](http://www.howtocutexpenses.com)

Learn more on communicating about finances: NHMRC Tip Sheet Strategies for Couples Dealing with Financial Strain

Order the booklet, "How to Fight Property Taxes," from the National Taxpayer's Union at [www.ntu.org](http://www.ntu.org)

**The NHMRC would like to thank Vernon Williams for his contributions to this Tip Sheet. Vernon has authored two books, *425 Ways to Stretch your \$\$\$* and *3 Rules that Guarantee Financial Success*.**