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Getting Spouses to Retire Together

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By MATTHIAS RIEKER CONNECT

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For three years, a retired client of financial adviser Stephen Ng kept himself busy with grandchildren and hobbies while his wife kept working.

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That arrangement didn't make the retiree happy. He wanted to travel with his wife at his side. But the wife loved her job in the insurance industry.

"They have the health to climb the Great Wall of China," says Mr. Ng, founder and president of Stephen Ng Financial Group, which specializes in retirees. "They have the wealth, but time was missing."

The adviser, however, eventually persuaded the wife to join her husband in retirement, resolving tension that had little to do with the couple's finances but rather their life plan.

"We did all the financials, and I showed them they were able to both retire. So finally, she decided her last day of work would be May 31," Mr. Ng says.

When one spouse retires before the other, advisers can be left with emotional conflicts to work out. The solution can range from the early retirement for the working spouse to divorce--with all the financial strings attached.

"My advice, before anyone retires, is: Try to retire at the same time," says Mr. Ng, whose firm in Short Hills, N.J., manages about \$125 million. Plans for mutual retirement should start early, ideally when the couple is in their mid-50s.

Most of Mr. Ng clients are retirees or approaching retirement, and most have their retirement plans well established. "When I see them, for annual or semiannual reviews, it's basically talking about nonfinancial issues in life," he says.

One common issue is the frustration of the retired partner who wants to spend more time with the working partner. "I would encourage the working spouse to as quickly as possible retire." Mr. Ng says

To nudge hesitant clients to retire, the adviser puts together a financial plan that may include an investment portfolio, retirement assets, and other income sources--which usually prompts clients to realize they don't have to keep working to fund their lifestyles.



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If the finances don't allow for full retirement or the working spouse just doesn't want to retire, Mr. Ng recommends that the working spouse at least cut back on the hours or find a part-time job. In some cases, the answer is for the retiring spouse to postpone retirement until both retire together.

Sometimes emotional issues result in unfounded financial worries, says Howard Hook, a principal of EKS Associates, with over \$300 million in assets, in Princeton, N.J.

Most couples are in better financial shape than they think and "will not outlive their money," he says, adding that "couples have very different opinions about whether they think they can retire."

Mr. Hook, for example, had to convince his own parents that their concerns about being retired together could be addressed via a financial solution.

His father retired first. When his mother retired as well, she worried about spending every minute with her husband. So they decided to move to Florida from Rockland County, N.Y., so Dad would have his own hobby: Golf.

But his father fretted over whether they could afford it because they had never expected to move to Florida. Mr. Hook changed the financial plan to make the math work.

Mr. Hook told his father they could always sell one of their homes if money got tight. "I said, 'your net worth hasn't changed the day after you buy the house' in Florida," he recalls. "You are just a little less liquid."

"To him, that did it," he says. "They love it. He never played golf before they moved."

For couples nearing retirement who fuss and fight and don't really enjoy spending time alone together, an adviser might suggest the opposite--simply keep working.

Otherwise, advisers can be left drawing up a financial plan for divorce.

"I am not a marriage counselor," Mr. Ng says.

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