ENJOYING THE RIDE

RETIRING SINGLE: FIVE STRATEGIES TO CONSIDER

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My clients come to me with a varying set of life situations and circumstances. Many articles focus on couples, spouses and partners. This month, I'd like to focus on helping those retiring single to Enjoy the Ride.

Being single can bring a different set of challenges to planning for retirement. These five strategies can help.

Planning for retirement is challenging, from building an income stream for a longer lifespan to budgeting for increasing living expenses and health care costs. These and other retirement planning issues can be especially pressing for singles who need to prepare financially without the decision-making and income support of a spouse or partner.

Here are five tips to consider when it comes to setting a source for those solo retirement years.

1. Create a fallback plan
Retirees may discover that there's a gap between what they thought they would need for retirement and what they discover they actually need. As a single retiree, you may not have a second income stream to rely on in case your finances are unexpectedly disrupted (for example, by dealing with a major health issue or illness).

To plan for the unexpected, it's important to periodically review your investment portfolio and build effective backup plans. Such contingency planning could involve a higher cash emergency savings total than couples might need and could require considering more robust disability and long-term care insurance protection than couples might select. You could also choose to take a part-time job for extra income.

2. Build a network of professional advisors
You might appreciate the independence and freedom of your lifestyle. But with autonomy could come a reluctance to seek advice and ask questions regarding important financial matters.

It's especially important for singles to consider forming a team of trusted professionals — including a financial advisor, an accountant, an attorney, and health care providers — to rely on for professional advice and guidance.

3. Count on family and friends — to a point
It's important to have strong relationships with friends and family to help you out in good times and in times of need. However, it's equally important to make sure they don't take advantage of your independent status or create serious financial burdens for you.

For example, you should take extreme care before turning over your financial matters and decisions to anyone else, whether a loved one or a professional. Make a point to stay actively involved in those decisions and work with a team of people you trust to help make decisions that are in your best interests. Evaluate the possibility of engaging a corporate trustee to manage finances should you become incapacitated.

4. Get estate and wealth-transfer plans in place
Many people drag their feet when it comes to estate planning. Even if you've put some documents together, are you sure you have what you need to ensure your wishes are carried out?

Here are the key documents that form the foundation for most estate plans:

Will
Power of attorney (POA) for financial matters
Durable power of attorney for health care
Health Insurance Portability and Accountability Act (HIPAA) release authorization
Living will
Revocable living trust

Additionally, you could help prevent confusion and misdirected bequests by managing other critical planning documents. Carefully designate beneficiaries of assets in IRAs, employer-sponsored retirement plans, insurance policies, and annuities. Lay out clear directions for the distribution of remaining assets for your heirs. Also, don't forget about your digital assets and accounts. Will your executor or trustee have proper authority to access and manage those items? Talk to your attorney about keeping your digital planning secure and up to date.

5. Plan for change
Although you may be single now, that could change during retirement — or even before. Entering into a committed relationship or getting married could mean making adjustments in your financial life now and down the road to and through retirement. Look at your insurance coverage, emergency fund and future income plan.

Think about having a frank discussion with your new partner about how you want your assets to be divided in the event of divorce or death. If there are ex-spouses or children in the picture on either side, consider managing your finances and estate plans separately rather than jointly.

With the assistance of your financial advisor and estate planning attorney, you can get a basic estate plan put in place, and, as appropriate, discuss other strategies for preserving wealth.

One final tip: Set a time on your calendar for a regular review with your team of professionals to keep all of your documents up to date.

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