

When One Spouse Retires Before the Other

To adapt to new roles -- and schedules -- a couple must compromise.

By [Jane Bennett Clark](#), From *Kiplinger's Personal Finance*, December 2014



Carolyn Prosak recently retired, but her husband, Victor, plans to work a few years longer.

As a recent retiree, Carolyn Prosak has had plenty of time to put together a to-do list for the ranch home she shares with her husband, Victor, in San Jose, Calif. Her ambitious agenda matches her energetic personality: Get the house power-washed and the trim painted. Re-landscape the backyard. "Seniorize" the bathrooms by widening the doorways. Repave the driveway and redo the guest room to make space for her many hobbies.

Victor, who works full-time supervising the landscaping for a property-management company, has other ideas. His order of business: Replace the roof before tackling the trim and the power-wash, and hold off on major landscaping until he retires himself, some five years hence. After poring over the list together, "we've reached compromises and set priorities," says Victor, 65. And because Carolyn, 66, is at home, "I can lay the groundwork," she says. "I see that as my job."

The Prosaiks are among a growing number of couples who are taking separate paths into retirement. For some, job loss or disability has forced the decision; for others, age disparity (men are three years older than their wives, on average) has played a role. The closing gap in earning power is another factor, says Richard Johnson, director of the program on retirement policy at the Urban Institute, an independent research group. As women bring home bigger paychecks, "we're seeing more of them staying in the labor force after their husbands retire."

Staggering your retirement dates has its benefits. "One is that each partner can retire at the age that works best for his or her career," says Johnson -- say, to get the full value of a pension. The one-two approach also allows the retired spouse to take stock and prepare for when both are out of the workforce. And watching one spouse make the transition to retired life can help the other spouse navigate those waters when the time comes.

Retiring separately also involves challenges, including negotiating financial and personal priorities and adapting to new roles. All that can be tricky, given that about one-third of couples disagree about how they will spend their time in retirement, according to a 2013 Fidelity study. Better to hash out issues sooner rather than later, says John Sweeney, executive vice-president of retirement and investing strategies at Fidelity. "It's important to be aligned in how you want to achieve your goals."

Smoothing the transition - Carolyn Prosak didn't choose to retire. She loved her job as a health educator on a research study at the Stanford University School of Medicine. But by July 2013, "it was pretty clear that the study was going to end and that we wouldn't get funding for another version being considered," she says. In November, she learned that she would be laid off after the first of the year. Rather than look for another job right away, Prosak retired.

Although the decision to retire was made for her, she was lucky in several respects. Having worked at Stanford for 16 years, she was eligible for retirement benefits, and she was able to use up her vacation time before officially leaving the job. That gave her several months, from January to March, to map out her future while still bringing in a paycheck.

One issue she didn't have to worry about: health insurance. At 65, she qualified for Medicare and took Part A, which covers inpatient care at no premium. She now has retiree health coverage, an increasingly rare benefit. Stanford subsidizes the cost of a Medicare Advantage plan through Kaiser Permanente. An HMO, the plan provides Medicare benefits and other health services. Had she not had access to retiree coverage, she could have signed up with Victor's employer health plan, albeit for a stiff price, or picked up Medicare supplemental coverage on her own.

Carolyn used her first weeks off the job to have elective surgery. While recuperating, she took advantage of another Stanford bennie: retirement and job coaching. She enrolled in online courses to help her identify her interests and structure her free time. A registered dietitian, she hopes eventually to return to work part-time. She also took on-site classes to assess her skills, develop her LinkedIn profile and investigate new career opportunities. Like many new retirees, "I feel guilty that I'm not working. I've worked all my life," she says.

Tweaking the budget - The Prosaks weren't completely blindsided by Carolyn's retirement. Knowing that her job was uncertain, they amped up their preparations, including contributing the max to her employer retirement account (\$23,000, which included the \$5,500 in catch-up contributions she was entitled to make because she was over 50). And they tailored their expenses to fit Victor's salary. "We figured that if we couldn't live on Victor's income, we should know it now," says Carolyn.

The exercise was made easier thanks to the Prosaks' conservative approach to finances. "They are frugal and have always been savers, so in that sense they've been planning," says Anne Chernish, a certified financial planner in Ithaca, N.Y., and Carolyn's longtime friend, who has helped the couple with their finances. The Prosaks paid off their mortgage a few years ago and have no debt except for a small amount on their home equity line of credit.

But for other couples, the difference between two incomes and one can be a shocker, especially if the retired spouse pursues an expensive hobby or travels. In that case, discussing the costs up front with the working spouse and carving out money in the budget for a "playcheck" is crucial, says Stephen Oliver, who specializes in retirement planning at Manhattan Ridge Advisors, in New York City. "You need to discuss what your life is going to look like. No one likes surprises."

Even joint expenses need to be anticipated. Initially, the Prosaks planned to wait until Victor retired to take care of the big-ticket items on their to-do list. Upon looking at their budget, though, they realized there was a balloon in major housing expenses five years out, says Carolyn. Rather than take a hit to their finances all at once, they decided to spread out the expenses while Victor still had a paycheck. By the time he retires, "the big things will be taken care of, and we'll be able to travel and pursue our interests," he says.

Tag-teaming on income In addition to his paycheck, the Prosaks are eyeing another source of income: Social Security. Carolyn qualifies for a benefit now, but she'd like to wait until age 70 to claim it because each year she holds off, the benefit grows by 8% thanks to delayed retirement credits.

Soon she'll have the opportunity to collect a benefit without forfeiting those credits. Once Victor turns 66 next year, he can use a strategy called file and suspend. By filing for his own benefit, he opens the door to spousal benefits for Carolyn (equal to half of Victor's benefit); by suspending (that is, putting his own benefits on hold), he can earn the 8% annual increase until he starts collecting. At age 70, each spouse will collect a benefit equal to 132% of what they were due at age 66 -- after years of collecting the spousal benefit.

Waiting to claim doesn't make sense for everyone. If you need the money now or don't expect to live for many more years, claiming at 66 or even as soon as you're eligible at age 62 (for a reduced benefit) is the logical choice. Or your reason for claiming might be more personal. **Gil Armour, a certified financial planner in San Diego**, generally recommends delaying benefits until 70, but when his wife, Karen, retired at age 66, she wanted to keep contributing to the family income. She claimed her benefit, which replaces her part-time income almost exactly. Armour plans to work several more years (he's 63) and wait until 70 to take Social Security. "That's just one couple's scenario," he says.

Carolyn and Victor each have an IRA, and he has a profit-sharing plan at work. They plan to hold off tapping the accounts until age 70 1/2, when the law demands that they begin required minimum distributions. In the interim, they should keep an eye on their tax bracket to see if it makes sense to convert part of the IRA money to a Roth. They would have to pay tax on the amount converted, but the tax bill now might be less than the tax bill later if, say, RMDs plus their combined Social Security benefits would push them into a higher bracket. (You don't have to take RMDs from a Roth, and the amount converted would reduce the size of the RMDs from the traditional IRAs.)

Adjusting to new routines - One aspect of retirement Carolyn didn't see coming? "It startled me to realize that my coworkers were my best friends," she says. "When you're home, they're working and you're not. You need to make an effort to get together." Men who retire first can have a particularly difficult time developing relationships, says Dee Cascio, a psychotherapist and retirement coach in Sterling, Va. "They don't have that support system outside of work."

Being lonely and at loose ends isn't just the retiree's problem. It also puts the working spouse in a tough position, says Ben Gurwitz, a certified financial planner in San Antonio. "The first one to retire wants the other to retire, too, so they can do things together." Successful retirees find a way to pursue their passions -- hobbies, volunteering, getting involved with a nonprofit activity. "People are happier when they have a purpose," he says.

For Carolyn, following her passions is no problem. Among her interests: Exercise. Bird watching. African drumming. Quilting. Connecting with friends. Victor is more focused. His main passion is theater. This year, he participated in three community-theater productions and was either rehearsing or acting several nights a week and on weekends. Their separate interests and schedules mean that each must make adjustments. Carolyn, the more gregarious of the two, wants to discuss her day as soon as Victor gets home; he needs time to decompress. On the nights when he has rehearsal, Carolyn is often in bed before he walks in the door. He rises at 4:30 a.m. to make coffee, empty the dishwasher and meditate. She'd rather he sleep in (the better to let her do the same) and leave the dishwasher-emptying to her.

Changing roles in retirement -- say, from breadwinner to homemaker -- can create friction even in strong marriages. But for the Prosaks, who have been married for 41 years, the roles have always been fluid. When daughter Kristin (now 29) was in preschool, Victor spent a year between jobs playing the part of full-time parent while Carolyn worked. His work schedule gets him home at 4:15 p.m., which means he has always been the one to make dinner. Now that she's retired, she's taking over more of the cooking and household chores. Although Victor has yet to relinquish dishwasher duties, "he has stopped folding the laundry. I'm starting," Carolyn says with a laugh.

What happens to their routine when Victor retires? In addition to their joint plans, which include traveling together, he hopes to audition more, perhaps for work as an extra on movie sets in San Francisco. But his plans are still up in the air. "I think about it -- what do I do on Monday morning when I'm not driving to work?" he says. "In one sense, it's a great feeling to have nowhere to go, nothing to do. But when it comes to structuring the time, you're on your own." Carolyn has already started figuring that out. "I like the opportunity to be the first to retire and to focus on myself. If we were doing everything together, we might lose the chance to develop individually." And because they have Victor's income, her transition is a little less daunting. "I'm really thankful it turned out this way."

[When One Spouse Retires Before the Other](#)