

# Family Matters: Retirement Preparation Tips for Different Family Types

According to the MetLife *Family Matters* study from the Mature Market Institute,<sup>1</sup> planning for retirement is tougher and more complicated for “single women” (widowed, divorced, or never-married with or without children) and “blended families” (two parents with at least one child from a previous relationship) than it is for “traditional families” (two parents with children from their current relationship). Taking into account the legal, financial and planning needs that are universal to all families as well as those that are specifically applicable to the different family types, the Institute has prepared this series of tips. The tips are designed to provide some basic guidance on matters pertaining to savings, pensions, insurance, home ownership, dependent care, estate planning and other areas. We hope they will help individuals and families make the right choices and enable them to plan for a secure retirement.

## Blended Families

- Determine whether or not your ex-spouse will rely on you for support in retirement. You may find yourself planning for two separate retirements—yours and his/hers.
  - Keep the lines of communication open—especially concerning children and how costs for college, a wedding and/or health care will be covered.
  - Understand the laws in your state regarding asset division—who gets what and when.
  - Update your designated beneficiaries for all your retirement plans/accounts and insurance policies. Retirement assets and life insurance typically go to your beneficiary, despite the fact that you may be remarried.
  - Consider establishing a living trust to protect assets that are designated for your children to prevent an ex-spouse or anyone else from access to assets. Some examples include child support, education, special needs and medical purposes. Trusts can be established for many purposes.
  - Seek counsel from a lawyer and a certified public accountant to assist with estate planning—estate planning is no longer just for the wealthy.
- When purchasing a home with your current spouse, consider who will be named on the deed. This affects how funds are distributed upon sale of the property.
  - If you or your spouse have children from a previous relationship, consider whether you want your new spouse to adopt your children or become a guardian. Both options establish important rights related to care, parenting and financial responsibility for the children.
  - Without a will, in most cases, a large portion of your estate will go to your spouse. A will is necessary in order to divide assets and property among your spouse, your children or other family members, depending on your wishes. Your will should also designate someone to care for your children. Otherwise, the court will make this decision.

## Single Women

- As women usually live longer than men, consider products that provide a steady stream of income in retirement.
- Establish and clearly designate your beneficiaries.

- Know your financial risk tolerance. Since single women do not have a spouse for a second income, it's important to know how much risk you can tolerate.
- Consider which insurance products make sense for a single woman who has another 15 or more years in the workforce.
- Consider establishing a living trust to protect assets designated for your children. A trust can prevent an ex- or future spouse from having access to assets. Trusts can be established for many purposes including child support, education, special needs and health care.
- Determine how you would like your life insurance policies and retirement accounts to be distributed upon your death. For many individuals, this is a way to leave funds behind for children.
- Should you marry and purchase a home with your new spouse, or if a spouse moves into a home you already own, consider who will be named on the deed. Ownership is established by the deed, which will affect how funds are distributed upon sale of the property.
- Consider obtaining a prenuptial agreement if you decide to marry. This will ensure that your spouse is in agreement with any plans you may have to set aside some of your assets for your children.
- If you have children and decide to remarry, consider whether you want your new spouse to adopt them or become a guardian. Both options establish important rights related to care, parenting and financial responsibility for the children.
- If you have children, prepare a will to identify whom you wish to care for them. Be it an ex-spouse or biological parent (or relative or

trusted friend), a will ensures that the decision is yours and not the court's. At that time, you can also establish a trust that will provide funds for their care.

### Traditional and All Families

- Ensure that your financial plan includes products that provide lifetime income.
- Decide how you want to structure your retirement savings. If you are married, you may wish to consolidate accounts, while others will choose to keep accounts separate.
- Communicate openly with your significant other and talk through your financial differences. Set goals and spending budgets so you are in agreement about how to spend during retirement.
- Learn about your pension and what rules apply to your pension and retirement savings.
- Establish a Social Security game plan. Work through the numbers and decide if it's more beneficial to draw those benefits through your spouse's working years or your own.
- Consider age when purchasing financial protection products. Is one spouse significantly older?
- Seek legal counsel about all of your estate planning options. Wills, living wills, trusts and powers of attorney are all legal means of ensuring your wishes are carried out. It is also important to update all of these documents any time there is a change in your marital status or family structure.
- If you have aging parents, know what their plans are—will you be providing for their long-term care needs? Have they completed any advanced directives for healthcare?

<sup>1</sup>*The MetLife Family Matters Study: Examining the Effect of Varying Family Structures on Retirement Planning, February 2008.*

#### MetLife Mature Market Institute

57 Greens Farms Road, Westport, CT 06880  
(203) 221-6580 • Fax (203) 221-6573 • MatureMarketInstitute@metlife.com • www.maturemarketinstitute.com

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