

## RETIRING SOLO

*Things to think about when planning for a single retirement.*

Presented by Glazer Financial Network

Most retirement planning literature portrays a retirement transition in the context of a couple or a family - but what about those who retire alone? What particular challenges do they face, and how must their preparation for retirement differ?

**Retiring alone presents unique challenges.** Singles who retire may lack a spousal and familial support network other retirees count on. If a lone retiree faces sizable medical bills, he or she can't draw on the financial resources of a spouse. Unmarried, childless retirees also lack adult sons and daughters who might be able to offer them financial help or serve as executors of their estates one day.

**Singles must plan ahead for them.** The earlier, the better: if you anticipate a solo retirement, it might be very wise to plan for it decades in advance.

A basic financial truth can't be dismissed: single retirees will need to amass savings comparable to those of a retired couple.

Why? It is because many retirement costs are fixed. Hospitals, universities, banks, pharmacies, mechanics and home improvement specialists do not offer discounts to single parents or lone retirees. Usually, a couple can absorb these costs more effectively than an individual.

**Some steps to consider.** Those looking at the possibility of a solo retirement may want to think about these factors...

***The need to save early & consistently.*** Sometimes young singles are bad with credit, or spend whole paychecks without regard to putting anything away. You are different, right? Think about increasing your savings rate. It is possible: look at how much parents save for their kids' tuition, food, clothing and child care, in the face of economic pressures that may exceed your own.

***The possibility of building wealth through real estate.*** Astute real estate investment may provide a single individual with a place to live, a steady income stream and the equity to pad retirement savings.

***The possible need for long-term care coverage.*** According to NPR, only about 8 million of 313 million Americans have any long-term care insurance. The average private room accommodation in a nursing home is currently \$87,000 a year. The 2012 Long-Term Care Insurance Price Index of the American Association for Long-Term Care Insurance (AALTCI) estimates that a single 55-year-old would pay an average of \$1,720 a year for LTCI with an immediate value of \$170,000 and a value of \$354,000 at age 80 - a purchase that may very well be worth it given trends in American longevity.



Many people investigate buying LTCI as they turn 50; you may want to take a look at it in your forties.<sup>1</sup>

*The value of a social circle.* "Family" has many different definitions today - and increasingly, single retirees are creating family-like bonds by moving in with one another, and saving household expenses as well. This can be good for the soul, and some solo retirees with few or no living relatives go so far as to assign power of attorney to a close friend in case of emergency.

**What if you are divorcing without kids?** A divorce earlier in life is often more bearable financially than a divorce later in life. In the financial aftermath of divorce, the key is whether the settlement reached is truly equitable. Not equal - equitable. While assets may be divided equally, the lesser-earning spouse may be left with less income and less potential to accumulate wealth in the future. (This is often the case if one spouse has helped the other build a business or a professional practice.) An equitable settlement considers and addresses these factors, especially in view of retirement savings needs.

These are all crucial factors to think about if you find yourself thinking that you may retire alone. Contemplate them, and consider planning accordingly.

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#### Citations.

1 - [www.npr.org/2012/05/08/151970188/long-term-care-insurance-who-needs-it](http://www.npr.org/2012/05/08/151970188/long-term-care-insurance-who-needs-it) [5/8/12]

