An Investor Education Initiative

Edelweiss MUTUAL FUND
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5 RETIREMENT PLANNING TIPS FOR MARRIED COUPLES

Marriage is the beginning of a new phase of life and as time passes, married couples evolve a shared sense of responsibility in all spheres, including personal finance. Spending your golden years together in relative comfort and security is the goal of most married couples. This requires good retirement planning that is oriented towards the needs of married couples. Here are some tips that are useful when you are planning for your retirement together:

Evolve shared goals: It is important to make your spouse a partner in your retirement planning. Whether you plan to retire at 45 or 65 or even if you never plan to quit working, it is important to factor in each other's needs and create a vision for the later part of your life. This is important because it is an opportunity for both partners to know what the other thinks about retirement. It is also a chance to create a shared ideal.

Saving together: Whether only one partner is working or whether both are employed, it is important to save money for retirement together. You can use a retirement calculator to arrive at a figure that is necessary to support your lifestyle after you begin the retirement phase of your life. This is also a chance to create a savings mechanism in the form of a retirement plan for your non-working spouse so that they have some source of income in their later years.

Aim for a guaranteed income: How can you guarantee lifestyle continuation after work ends? This is a crucial question that needs to be addressed by both the partners. Using a retirement calculator, work out how much income you will need during retirement. Ideally both should have income in their individual names to preserve financial independence. Consider the lifestyle adjustments that you are ready to make to live a retired life. The less you can adjust, the more you need to save to get a higher income.

Who is your beneficiary? As a couple, you need to carefully weigh who will inherit the proceeds of your retirement kitty in case of your demise. Working together, examine your savings, including retirement kitty, and check if the nominations are in place. If there are investments that do not have a nominee assigned, you should work by mutual consent to name one. You may need to contact your financial advisor for making the necessary updates.

Mutual funds make retirement planning easier

While there is a plethora of investment options available for retirement planning, Mutual Funds stand out because they are flexible, offer diversification and professional fund management at a fraction of the cost. Equity mutual funds have the potential to provide inflation-beating returns in the long-term and you have the ability to choose between equity-growth, hybrid or debt funds depending on your own risk profile. Using a mutual fund, you can gain from the power of compounding. As an example, a Systematic Investment Plan (SIP) of Rs. 5,000 with an assumed return of 12% for 30 years at 6% inflation will build a corpus of nearly Rs. 50.2 lakh with an investment of only Rs. 18 lakh. SIPs help you save consistently for retirement.

An asset allocation strategy can be developed with the help of a financial advisor or your mutual fund distributor wherein you can opt to invest in aggressive growth funds to build the corpus pre-retirement and conservatively post-retirement to preserve your saved nest egg and withdraw regularly from it in the form of a monthly income.