Retirement Q&A

How do my husband and I plan given our late start and age difference? Add to ...

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Globe Retirement Q&A

Question from Isabel Redondo: As a fifty-something married to a forty-something who started saving late (but aggressively) how do we leverage the age difference in terms of where we put our savings in these times of little return? The fifty-something has a modest defined benefits pension, the forty-something has none."

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Ms. Birenbaum has worked in financial services for over 25 years within the Credit Union, full-service brokerage and independent Financial Planning industries

Rona Birenbaum is a professional financial planner with Caring for Clients, a fee only financial planning firm she founded in 2000.

"Your inquiry includes questions of retirement timing and rates of return. From a timing standpoint, I assume that you want your combined investments to contribute toward your retirement cash flow for as long as the elder of you lives. That means that your combined investment time horizon is 40-plus years. This makes it important to have a meaningful allocation to growth investments.

Still on timing, you must determine what your

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retirement cash flow needs will be and to what extent you will need to draw on accumulated savings after you retire and your spouse is still working, if that is a possible scenario. You may not need to draw on the savings and investments until your spouse also retires if the earned income plus your defined benefit pension, Canada Pension Plan and Old Age Security is sufficient to meet family needs. In that scenario, drawing on investments might not have to start for a very long time. Essentially, the sooner you will need to draw on savings, the greater the importance of incorporating an allocation to liquid, low-volatility investments for that purpose.

Now, on the matter of low returns. I don't know if your low rate of return expectations are based on personal experience, or as a result of having an overly conservative asset allocation. It may be advisable to increase the volatility in your portfolio somewhat in exchange for the potential of higher long-term returns. Just make sure that if you are expecting low returns, you are saving aggressively enough to accumulate the capital necessary for a secure retirement. A financial

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plan can help you with this analysis."

What's your retirement question?

If you have a question, fill in the following form. An editor from The Globe and Mail will select questions and find you the answers from our panel of retirement experts.

*Required

First Name *

Last Name

Where do you live? *

Age

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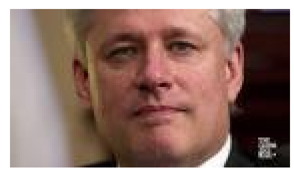
- 

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