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Love after age 65

Seven financial planning topics to address

Even the best-laid retirement plans can be threatened when Cupid's arrow strikes.

As you navigate this new love, be sure to consider these seven key planning areas.

Finding love in later years brings joy and new financial considerations.

As Baby Boomers surge into the **Peak 65®** Zone, turning 65 in record numbers, 42% of those women are single, divorced, separated, or widowed.[1] Many are dating again with higher stakes than in their youth. Both men and women need to understand the financial implications of new relationships on their independence, lifestyle, and family benefits.

1 Debt

Understanding financial obligations is crucial when entering a new relationship. If one partner has significant debt, like a mortgage or credit card balances, a **prenuptial agreement** can help protect the other's assets. While you won't be responsible for debts incurred before marriage, it's wise to clarify financial responsibilities and who will be paying for what. Discussing liabilities openly can prevent future surprises and ensure both partners are on the same page about their finances.

2 Retirement income and investments

Late-life relationships bring big decisions when it comes to marriage and whether to combine finances. Joining accounts can lower fees but may affect tax strategies and personal autonomy. However, one partner may bring significantly higher assets to the relationship and may not wish to merge accounts, an important factor that must be addressed. Take time to map out where income is coming from, separate and combined, including Social Security, pensions, and annuities, and rental income. These decisions come down to what's important to both of you financially and emotionally. If maintaining financial independence is a dealbreaker, keeping assets separate might be best. A compromise could be to open a joint account for common expenses while keeping individual accounts separate.

3 Social security

Social Security plays a critical role in some older couples' plans to remarry. Be mindful that if one of you is divorced and claiming benefits from a former spouse, those payments will cease with remarriage. This is meaningful for a non-working female spouse of a high earner who marries someone with a lower or no Social Security paycheck. If you both have high career earnings, claiming benefits at age 70 can significantly increase your monthly payments vs. taking them right at age 62. A common strategy among couples is for one to claim benefits sooner while the other begins at 70, providing immediate income while maximizing future benefits. Consider factors like life expectancy, current income needs, and the potential for spousal benefits. Reviewing your **Social Security statements** and running some claiming scenarios with a financial professional can help you decide the best time to claim benefits and ensure you get the most out of that income.

4 Estate planning

Updating your will and beneficiary designations is central to ensuring your assets reach your intended heirs. Without proper planning, your estate may be distributed according to state laws, potentially leading to unintended consequences for your children. To protect your loved ones and provide peace of mind, have open and honest conversations with your children about what will happen to your estate if you marry. Meeting with an estate planning attorney to update your documents to align with your evolving wishes makes sense. Additionally, getting to know your partner's children and fostering open communication can help ease the apprehensions that are common among adult children in blended families.

5 Health care

Planning for health care costs in retirement is vital and will bring to light a few things you may not have considered when you were younger.

Medicare

Medicare options, such as **Medicare Advantage plans** and Medigap policies, need careful consideration, whether single or married. Each partner needs to evaluate the costs and benefits of available plans, especially if you plan to travel or move since some policies limit coverage geographically. Another factor to consider is that **Medicare Part B** premiums may increase based on joint income.

If one of you is still working at Medicare's enrollment age of 65 and eligible for your employer plan, you are not required to apply for Medicare; however, the employer's plan must include drug benefits that Medicare recognizes as meeting their requirements. According to Jae W. Oh, an education fellow at the **Retirement Income Institute at the Alliance for Lifetime Income,** many working individuals and their spouses opt to enroll in Medicare Part A (Hospital), which is free, and can be coordinated alongside an employer-sponsored health insurance plan.[2] There are conditions that must be met so be sure to check in with the **Social Security Administration** and your Human Resource department.

Long-term care and cognitive decline

Medicare doesn't cover long-term care, so it can be wise to evaluate long-term care insurance options to protect your assets. And, while unpleasant, you'll want to give some thought to the possibility of cognitive decline and how you can best prepare. According to a study by the **Alliance for Lifetime Income,** 42% of individuals over 65 worry about it, yet over one-third don't know what to do about it. Discussing this with your doctor, family, and financial professional can help you and your partner plan for potential needs.

6 Income taxes

Marriage can affect your income taxes, sometimes resulting in a penalty or a bonus. Be sure to consult a tax professional. Filing jointly usually saves on taxes, but in some cases, filing separately might be better, especially if there's a significant income disparity. Calculate your taxes as single individuals, married filing jointly, and married filing separately to determine the best option. Understanding the tax implications of marriage helps you make informed decisions and avoid surprises.

7 Real estate

When entering a new relationship in retirement, deciding how to handle real estate can significantly impact your financial future. Combining properties can streamline finances and reduce costs, but maintaining separate residences may help preserve financial independence—especially if one partner owns their home outright while the other has a mortgage. Many older people who remarry choose to move into an existing home and it will be important to plan for sharing of housing costs such as maintenance, taxes, and insurance, which could be handled from a joint bank account. Another option, **The Living Apart Together (LAT) model** is increasingly popular among seniors, allowing couples to keep their independence while enjoying companionship. Discuss your real estate plans openly, considering lifestyle choices and financial implications. Whether you choose to blend properties or maintain separate homes, ensure your decisions support your long-term goals and well-being.

Communication is key

Open and honest communication is the foundation of any successful relationship, especially when it comes to finances. The **"5Cs" communication framework** may be helpful: Clarify, Communicate, expect Choices, Check In regularly with trusted friends and advisors, and review long- and short-term Consequences of decisions made.

Finally, be cautious of **sweetheart scams,** where predators engage victims romantically, usually online or in a dating app, and then ask for money. Your caution and clear communication upfront can help protect both your heart and your wallet.

Seek expert guidance

You deserve this happiness! In your excitement of newfound love, be sure to consult with a financial professional to help navigate this new chapter with confidence and financial security. They'll help guide you through the intricacies of late-life romance, from Social Security and income tax implications to estate planning and health care considerations.

Visit protectedincome.org for helpful retirement resources including:

Your Money Map podcast with Jean Chatzky. Jean and co-authors Myra Strober and Abby Davisson discuss Money and Love: An Intelligent Roadmap for Life's Biggest Decisions.

Romancing Retirement: Managing Love in Retirement, Strober-Davisson

Welcome to the Peak 65 Zone

Additional resources:
Sweetheart Scams: How to Avoid Being a Victim (article), National Council on Aging, February 7, 2022.

Sources:

1 Protected Retirement Income and Planning Study, Alliance for Lifetime Income/CANNEX, 2024.
2 Retirement Income Institute, Should You Enroll in Medicare if You Still Have a Job? March 28, 2024.

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