



Retirement planning strategies for dual-income families

Are you making the most of two incomes in your retirement planning? Review these three income scenarios and savings strategies for each.

The two-salary family

Both you and your partner are full-time, salaried employees with access to employer-sponsored retirement plans. For this type of family income, considering your age is essential.

- ☐ **Save and invest according to your age**
When you have more income, you have a greater chance of benefiting from equity growth over your working life. If you're young, consider keeping your retirement accounts allocated to higher-risk investments, like stocks. As you get closer to retirement, consider reallocating your retirement savings to lower-risk investments, like bonds.
- ☐ **Max out your retirement accounts**
Consider contributing the yearly maximum to your 401k/403b/457 — the current limit is \$19,500. If you're over age 50, you can add an extra \$6,500.
- ☐ **Don't overspend**
If you can, consider living off one salary and saving the other.
- ☐ **Plan to defer Social Security payments**
Don't claim your Social Security benefits until age 70, if you can get by on your savings and/or distributions from your retirement accounts. If you claim at your full retirement age, which varies based on the year you were born, you receive 100% of your benefits. However, if you wait and claim at age 70, you could receive 132%.¹

The self-employed family

You, your partner, or both of you run a business.

- ☐ **Consider your self-employee retirement account options**
A **self-employed or solo 401(k)** works well if you don't have employees for your business, as you can make tax-deductible contributions.

A **traditional or Roth IRA** will allow you to save \$6,000 toward retirement (\$7,000 if you're age 50 or older). Contributions to Roth IRAs are post-tax, while traditional IRAs are pre-tax, so a tax specialist can help you decide what works best based on your self-employed business income.

A **self-employed or SEP IRA** allows you to currently contribute up to \$57,000 or 25% of your income, whichever is less, toward retirement. If you're 50 or older, you can contribute an additional \$6,500.
- ☐ **Keep saving**
Without automatic paycheck deductions, it can be easy to let contributions slip. Consider setting up automatic transfers into your retirement accounts to stay on track.

The one full-time salary and one part-time income family

One partner earns a salary and the other works part time.

- ☐ **Take fewer investment risks**
Especially if the full-time salary earner in the relationship is contributing the majority of the couple's retirement savings, lower-risk investments may help safeguard against market volatility.
- ☐ **Consider (and possibly avoid) required minimum distributions (RMDs)**
Unlike traditional IRAs, **Roth IRAs** have no RMDs (some other retirement accounts have RMDs at age 72). Any funds in these accounts could potentially stay put even after you retire, increasing the time horizon for them to give your family's savings a few extra years to grow.
- ☐ **Keep your family's finances safe in an emergency**
Make sure to list each other as beneficiaries on any retirement accounts you're paying in to. Additionally, consider long-term disability or term life insurance in case the full-time salaried partner can't continue working.

¹ "Benefits Planner: Retirement," Social Security Administration.

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