



Wealth Planning Considerations for “DINKs”

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On the surface, the life of DINKs (couples with dual incomes and no kids) may seem easy and carefree – high income, the ability to save quickly and lots of free time to explore interests, hobbies and passions. However, like everyone else, DINKs have their own, unique wealth planning challenges. Here, we provide some wealth planning considerations for DINKs.

Estate Planning

With no second generation for which to plan, DINKs must put extra consideration into who will receive their assets upon their death. You may consider giving to a favored charity or a loved one. Or, you may wish to spend down to your last penny during your lifetime, fully enjoying every bit of the wealth you’ve accumulated. While there is no right answer, there may be some planning involved to ensure your estate is distributed (or spent) according to your wishes. Take time to consider your desires for your estate to ensure they are carried out according to plan.

Pet Planning

Because pets often replace children as a couple’s “fur-babies,” don’t forget to make plans for their future should something happen to you. As you plan, consider who will care for your pets upon your death. You may wish to set up regular payments to your chosen caregiver to help pay for your pets’ expenses. Then, consider formalizing your plans using a legally binding pet protection agreement, which can include the establishment of a pet trust that details how to care for pets and provides a financial means by which to do so.

Healthcare

Healthcare planning for DINKs can be more challenging because there are no children to depend on in a health crisis. Each person should consider naming a back-up person who would be willing to make healthcare decisions and/or provide care if necessary. It’s also important to consider who will care for the surviving person upon the death of the first person. Long-term care insurance can be especially important for DINKs in planning for future care.

In addition, when compared to their siblings who are raising families, DINKs sometimes end up being the first call when a family health or financial crisis occurs. This can result in uncomfortable conversations and the potential need to draw boundaries with family members, especially when such demands put the DINKs’ financial plan at risk.

Tax-Efficient Investing

DINKs may face a higher tax liability than a traditional family household because they have fewer deductions. This makes tax-efficiency even more vital. Choose your investments wisely based on their tax-implications, and don’t overlook opportunities to make deductions where you can, including by giving to charities. You may also consider taking additional money out of each paycheck in preparation for paying state and federal taxes.

Saving

DINKs may fall under one of two categories when it comes to saving. #1, they are great (and fast) savers because they don’t have the financial responsibilities of raising a family. Or, #2, they may be horrible savers because money comes in freely and often, and they don’t feel the need to put much aside for the future. Regardless of which category you fall into, don’t forget to save for retirement.

When they begin their financial planning early, DINKs have an advantage when it comes to preparing for retirement. By leveraging your relative financial freedom, you may be able to think outside the typical retire-at-65 mindset, which could mean many things. Maybe you decide to redesign your career path by pursuing a second career. Or, maybe you pursue remote or contract work options that will allow you greater flexibility to travel or pursue other passions. The possibilities can be endless if you prepare far enough in advance.

Communication is Key

As in every relationship, communication is a key to success. DINKs don’t have the bonding experience of pulling together as a parenting team to raise children. This can be both good and bad because it means there are fewer opportunities to sweep issues (financial or otherwise) under the rug. Active and deliberate communication with each other, and possibly a third-party advisor, is essential.

It may be necessary to have difficult conversations with family members who might be hurt or disapproving of your decision to forego kids. There may also be questions to deal with from friends, or even strangers, such as, “Do you have any kids?”

“When do you plan on having kids?” or even as intrusive as, “Why don’t you have kids yet?” While there is no single, “correct” way to handle these conversations, discussing a plan together in advance can help with how to address such questions.

As you’re planning for the future, consider working with an advisor who is experienced helping other DINKs navigate similar challenges. By designing and implementing a comprehensive plan based on your personal financial situation, you will be in a position to achieve that which is most important to you.

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