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Money Matters

Being single offers unique financial challenges

■ Some advantages for savings, tax shelters are offered to married couples only

By Eileen Alt Powell
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NEW YORK — David Bergman sees financial pluses and minuses to being single.

A divorced real estate salesman from Scotts Valley, the baby boomer especially likes the ability to make decisions without anyone second-guessing him.

"I'm in control of what I spend and what I don't," he said. "Right now, I'm thinking of buying a BMW convertible."

On the other hand, Bergman, 40, acknowledges, "it also means everything is up to you," from deciding how to save for his 10-year-old son's college education to planning for a retirement he hopes will include travel.

America's singles — people who never married, who divorced or who lost spouses — total nearly 82 million, or 40 percent of adults 18 and over, according to Census Bureau figures. Baby boomers, with their higher divorce rates and longevity, which tends to produce more widows, are projected to push the ranks of singles to some 106 million, or 47 percent, by 2010.

Singles of any age often face discrimination in employment, housing, credit, child custody and taxes, says Thomas F. Coleman, executive director of the American Association for Single People in Glendale.

That can result in disproportionately higher costs than married couples face: A couple with two incomes generally has an easier time qualifying for a mortgage. The cost of a single hotel room or cruise ship reservation is often little different from a double. Special trusts that couples use to shelter their money from estate taxes won't work for singles.

"If you're single, the burden is on you," Coleman said. "You're really got to make plans. No one else is going to do that for you."

One thing singles can do to compensate — especially if they're boomers — is to save more.

"A single person in his or her 40s should be putting away 20 percent of gross income," said Ben Baldwin, an insurance specialist in Arlington Heights, Ill. "If someone is doing that, I'll feel good about his future security."

Baldwin also suggested that singles more than couples might need help from financial planners and investment advisers.

"With a couple, one is usually good and sensible and keeps them both on track," Baldwin said. "Singles don't have that, which they sometimes have trouble admitting."

Many boomers, whether married or single, have lived from paycheck to paycheck and find themselves in their 50s with nothing put away for retirement, said Alan Peters, a chartered financial consultant in Wilmington, Del.

"Don't let anyone tell you the situation is hopeless," he said. "You can get started, you can plan. You'll be surprised what you can accomplish in 15 years."

Peters also said that singles need to consider the same financial steps that couples take, but for different reasons.

"Take life insurance," he said. "A single doesn't need it for the traditional reason of protecting a family. But it can be structured to cover medical expenses and your funeral, or be used as a way to leave money to a charity or university."

Long-term care insurance? "It's probably something everyone should consider, especially a single who can't count on family support," he said.

Bob Green, a financial adviser in Santa Cruz, recommends that singles make sure they have wills.

"Maybe you want money to go to your best friend — the one who visited every Thanksgiving. Or to your university or temple or church. Just because you're single doesn't mean you don't care."

Virginia Morris, author of "A Woman's Guide to Personal Finance," said that boomer women increasingly are finding themselves without partners: about half of marriages end in divorce, and three-quarters of women who marry are widowed.

"It used to be that as an elderly single woman, you went to live with your sister's family," Morris said. "We don't do that anymore."

As a result, women who are single or widowed often end up living alone and paying for services, from home repair to nursing care.

While the rule of thumb has been that people should aim for retiring with 70 percent to 80 percent of their preretirement income, Morris believes women should aim for 100 percent.