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So, You're Ready for Retirement... Or Are You?

In the past, retirement planning used to involve two planning stages: the accumulation of assets, and the distribution of assets. Nowadays, there may be three periods to consider: accumulation, transition, and distribution. "Transition" can be defined as the period between full employment and full retirement when a person is working on a reduced or part-time basis.

What are some reasons to consider working a little longer? Working gives many people a purpose and a sense of self-worth—two benefits that can be more valuable than money in some cases. Working just a few extra years also prolongs the start of the distribution period and enables you to accumulate more savings. This becomes especially important when you consider that life expectancies are rising and you may need to fund a longer retirement than your grandparents, or even parents, did. Continuing to work in the transition years can also provide one additional advantage—it might enable you to receive

medical benefits of higher quality than what you would receive as a retiree from your job or from Medicare. This strategy can go a long way in reducing the impact on your portfolio of unforeseen medical bills in early or mid retirement.

Caveat: While we have explored the positives of continuing to work in the transition years, you also need to consider the negatives. One negative is the impact on Social Security benefits. If you decide to start receiving Social Security benefits at age 62, you will be penalized with a reduction in those benefits for any income you receive from working until you reach full retirement age. In addition, Social Security benefits are taxed if you make more than a certain amount each year from earned and investment sources. It may be best to plan this out with your financial advisor to make sure you maximize your benefits.



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More about COMPASS Wealth Management, LLC

COMPASS Wealth Management, LLC is a client-focused wealth management firm dedicated to providing superior advice to individuals, families, and corporate retirement plans.

Our wealth management services include investment management, retirement and gift planning, education funding, and other advisory services.

We take pride in offering you expert financial advice along with personalized service. Assisting you in reaching your financial goals is our business and we take that responsibility very seriously.

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