



SHOULD YOU RETIRE EARLY?

While it may be possible, it is not always advisable.

Do you dream of retiring before you turn 60? How about before you turn 50? Well if you do, you might want to think twice before you make the move. If your heart is set on leaving work early, you want to be sure to leave with the right mindset and the right estimation of your financial potential.

Retire with a realistic picture of your income needs. In late 2006, the Center for Retirement Research at Boston College surveyed 400 private sector employers. Those employers estimated that one-fourth of their employees between 50 and 60 years old lacked the financial resources to retire even at the traditional retirement age. If you're like many Americans, your retirement expenses will be roughly 75-80% of your pre-retirement expenses. So you need to determine if the income derived from your 401(k), 403(b), pension or other sources can generate that. Remember, you can't receive a full Social Security benefit before age 62.

Retire with the idea that you'll live to be 100. With recent advances in health care, you might become a centenarian. Your income streams may need to last 20, 30, even 40 or 50 years. Any income streams that you have today may soon need to be supplemented or adjusted due to unforeseen needs and inflation. Many new retirees make the mistake of withdrawing income at too high a rate in the first few years after leaving work. They live "high on the hog" for a while, and find out to their chagrin that their retirement nest egg is shrinking, because they are spending more than their portfolios can earn back. Additionally, you may also have to pay for health insurance if you retire before age 65. All of this may point you in the direction of part-time employment rather than total retirement.

Retire with purpose. Leaving work behind can be exhilarating. But after the first few months of fun, there can also be a "now what?" Any early retirement becomes better with a plan for purposeful and meaningful living, irrespective of your finances.

Actually, if you do a Google or Yahoo! search with the right keywords, you'll come across a number of articles about people who have chosen to retire late. They keep working out of passion or necessity. If that's not for you and you don't want to work much longer, talk to me and we'll take a look and see if you are financially prepared to retire. I'll share my professional insight and talk to you about your options.

These views are those of the author and should not be construed as investment advice. All information is believed to be from reliable sources; however we make no representation as to its completeness or accuracy. Please consult your Financial Professional for further information.

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