

## Tough Times Articles

Should I retire? That is the question a lot of people are asking these days with the sign of the economic times. Did you know that the average retirement age in the United States is now 62?

What is happening in our economic times is that individuals are given the “golden handshake”. They are being given an incentive to encourage retirement. Usually it is with a “package deal” which may include insurance, a lump sum payment or other monetary inducements. There are other reasons to retire early, such as the death of a spouse, health and pension incentives, and problems in the work place.

### **When looking at early retirement, there are several things to consider.**

- Social Security is slated to increase to 67 for full retirement benefits. Early retirements may decrease the amount of social security benefits paid. Should I leave my social security benefits in and not draw on them, or wait until age “retirement age” to draw upon them?
- Pensions are often adjusted downward to reflect the longer payout that comes with early retirement.
- Early retirement means increased exposure to inflation.
- Early retirement may mean the loss of health insurance.
- Should I work part time and live on my IRA and pensions and wait to take out social security?

### **What is the best age to retire? What are some things to consider?**

- How long will you live? That depends on your health and medical history. How long did your parents and grandparents live? Look at life expectancy table for insurance. Married people live longer than single individuals. Women live longer than men (unless they are single). Ball Park is that men live until 75. Women live till 80.\*
- If you retire your taxes are reduced social security benefits excluded up to the base amount.
- Your living expenses may be reduced do to work-related expenses
- Home Ownership Expenses reduced. (Usually paid off).
- No kids, senior citizen discounts, don't have to save for retirement
- Increased medical expenses.
- Increased living expenses- travel, retirement projects. You may need someone to help your with the work you use to be able to do by yourself.
- Usually food, clothing, income tax, property, transportations, debt repayments, child support and alimony and household furnishings expenses decrease.

When looking at a “ballpark estimate” I suggest going on line at [www.ASEC.org](http://www.ASEC.org) (click on tools). You can figure out your retirement needs and what you have already accumulated in retirement benefits, savings, and projected date of retirement. The American Savings Educational Council has teamed up with the Department of Labor and Social Security Administration to provide a consumer-friendly retirement calculator.

This has been Jan Burk, Family Resource Management Field Specialist.

\*2002 Group Annuity Mortality table without loading  
Financial Decisions for Retirement Little Beam Tacchino 2005