

## Phasing into retirement



### Introduction

Not ready for a full out move into retirement? Don't worry, you aren't alone. Many people look forward to retirement but for one reason or another are not ready today. Maybe they aren't ready for the sudden lifestyle changes. Maybe it's lack of savings that's holding them back. Or maybe they haven't reached the government's full retirement age. No matter what the reason, many people are choosing to phase into retirement instead of retiring full out.

Using this option provides a number of benefits. You can keep working and continue making payments to your retirement accounts and savings plans. At the same time though you can begin enjoying some of the benefits of retirement. Cutting back hours and decreasing your work responsibilities at a slow pace can open time for personal activities, traveling, and family.

However, phasing into retirement is not something you should do on the spur of the moment or with little thought. Planning is of the utmost importance as you negotiate this transition. You will need to calculate your ultimate retirement date, optimize your savings plan, and create a phasing schedule with your employer. Make this life transition the beginning of a new and rewarding stage of your life.

## **General Considerations**

- Talking to your employer
- Involving your family
- Handing over your work duties
- Cutting back work hours
- Checking over your financial situation
- Present lifestyle and needs
- Emotional preparation
- Look for new hobbies and interests

## **Discovery Questions**

1. List the reasons you have chosen to phase into retirement.
2. As you phase into retirement, how long do you expect to keep working?
3. How will your job description change?
4. What affects on your income do you anticipate as a result of this transition?
5. Does your company currently have an official phased retirement program? If yes, describe your phased retirement options.
6. What benefits will your company provide during this period?
7. How will you invest the time made available via reduced or changed work schedule and responsibilities?

## **Financial Considerations**

- Costs associated with phasing into your retirement
- Cash flow considerations related to phasing into your retirement
- Asset management issues in regards to phasing into your retirement
- Debt management considerations involved with phasing into your retirement
- Risk management (insurance) considerations in regards to phasing into your retirement
- Tax planning considerations in regards to phasing into your retirement
- Estate or Legacy issues related to phasing into your retirement

## **Educational Resources**

### **Seniors .gov**

This is a great site for anyone beginning the transition into retirement with information on financial considerations, housing options, and medical issues.

[www.seniors.gov](http://www.seniors.gov)

### **Social Security Administration Online**

Social Security, Medicaid, and other government programs for retired people can be complex and frustrating. Visit this site to get all the information you need to plan ahead and phase into your retirement.

<http://www.ssa.gov/>