

Can You Afford Retirement?



In the past, Americans looked forward to retirement. They made plans to travel, spend time at the fishing hole and enjoy the grandkids. Now, more and more of us are delaying retirement just to get by.

While this column will offer suggestions for retirement planning, you always need to check with your financial planner or family members to decide which retirement strategies work best for you. Tax consequences can be significant—always do the research or check with an expert.

Social Security Benefits

Should you decide to begin receiving your Social Security benefits before you reach “full retirement” age, your benefits will be reduced permanently from what they would have been at full retirement age.

Additionally, if you take early benefits and continue working, your benefits may be reduced even more until you reach full retirement age.

However, if you wait until your full retirement age to begin collecting your benefits, you can continue to work and still get your full benefits and perhaps even higher benefits, no matter how much you earn.

For help in calculating whether early retirement is best for you, log on to the Social Security webpage at www.socialsecurity.gov and click on “Calculate Your Benefits.”

Pensions and Retirement Accounts

As with your Social Security benefits, you may want to delay tapping into your pension and other retirement accounts. This allows them to continue to grow to cover unexpected medical costs or other expenses. Before making that retirement account withdrawal, check with your financial planner so that you don’t deplete your fund too quickly.

Reduce Debts as Much as Possible

Many senior citizens need credit cards to pay for medical, pharmacy and other expenses. When living on a fixed income, carrying a large credit card balance month to month may become unmanageable, so try to reduce debts as much as possible before you retire.

The rules and regulations governing retirement accounts can be complicated. The FDIC suggests that a year before you plan to retire, make an appointment with a Social Security Claims Administrator to discuss your situation. You will also want to sit down with your workplace personnel department and financial advisor. After you decide on a retirement date, apply for Social Security benefits and other pensions about three months in advance.

And, remember, once you do retire, you don’t want to have to run to the bank to deposit those Social Security benefits and other pension payments. Plan to have them directly deposited into your checking account. It’s safe, secure and affords you more time to spend with the grandchildren.

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