

PERSONAL FINANCE



Then Again, Maybe I Won't - Retire

[By Rich Duprey]

The lure of the leisurely life gets stronger the closer we get to retirement age. Whether we're facing a company mandate or a self-imposed date to take that gold watch, being a short-timer makes us think more about what we'd rather be doing.

Yet it also brings on doubts about whether we've prepared ourselves financially for the downtime. Even if you've been following a sound financial plan for years, it's not uncommon to feel some insecurity. While it's been ingrained in us that we should want to retire, it's becoming more common that simply by working a bit longer, we can ensure we achieve the financial security that will make retirement rewarding and fulfilling.

Work more? Yes, as heretical as it sounds, putting a few more years into the daily grind of punching the time clock can make real retirement so much better.

Four more years! Four more years!

Sure, I have doubts about how long the Social Security system can survive - it won't be long before just two workers support each beneficiary, a major change from the 1950s when the ratio was 16-to-1 - but while it is still here, a few more years of working can make a big difference in the monthly payment received.

For 62-year-old Joe Retiree who wants to retire now, having made \$50,000 last year, he can expect a monthly benefit of \$954. Sticking around for just four more years to retire at 66, Joe can see a 43% increase in his Social Security benefits to \$1,364 per month.

Assuming you're still enjoying work and are healthy, there are a few more reasons working a little longer might be good for you.

COLA increases. Four more years gives you extra time to earn additional raises in your pay, whether they match inflation or exceed it. **Pension benefits.** Working to age 66 adds four more years of work credits, which can make a big difference in your pension check. **Catch-up provisions.** If you also have a deferred compensation plan such as a 401(k), not only can you continue to make contributions into the plan, you may even be able to take advantage of a "catch-up" provision to put additional dollars away. **Save more, invest more.** Four more years also gives you the option of saving and investing additional dollars in taxable accounts.

Yet while having more income is one of the benefits of working longer, the expense side of the ledger can be improved too. At age 65, you will be eligible for Medicare, another troubled program that may not ultimately survive but can serve to lower your health-care expenses.

How about paying down or paying off that mortgage? Four more years of working, and perhaps a few extra dollars a month thrown in, will allow you to forget that monthly nut, freeing up additional dollars.

In just those two areas alone, most retirees can greatly reduce the income they'll require

to meet their needs by working to 66 instead of retiring at 62. Combined with the greater income opportunities, working longer may mean all the difference between real security and financial insecurity.

Rule *your* retirement

We don't have to give up all of our passions when we turn in the keys to the executive washroom. Mitch Anthony, author of *The New Retirementality*, instead calls this time in life "re-wirement" - where you can pull out of the memory hole all those things you wanted to do and actually pursue them. According to the U.S. Census Bureau, 13% of Americans age 65 and older are working.

When The Motley Fool's retirement guru, Robert Brokamp, interviewed Mitch Anthony, he shared this view on rewiring our after-work years: "What we know we want is balance - to engage in learning, productive work, and leisure. By engaging in all three, we never burn out or fail to appreciate any of them. This is the kind of life many people are attempting to negotiate for their years formerly known as retirement."

Based on current life expectancy trends, we still have a good 20 years or more of living to do once we retire - or, rather, rewire. As you approach whatever magical time frame you've set for yourself, take a moment to consider whether sticking it out for just a few more years will bring the rewards you

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expect instead of the worry and compromise you dread.

Last November, *Retire Smart, Retire Happy* author Nancy Schlossberg spoke to Robert Brokamp in another exclusive *Motley Fool Rule Your Retirement* interview. She said feeling that you matter is very important in retirement: "We are looking for a place where we feel what we say makes a difference, what we do makes a difference. You will see many people who begin to volunteer, and they feel how important their presence is."

We all have an image of what retirement will be for us. The question is whether we'll actually be able to achieve it. A 30-day [trial subscription](#) to *Rule Your Retirement* lets you read not only the interviews with Mitch Anthony, Nancy Schlossberg, and other retirement experts, but gives you full access to all of the retirement planning strategies revealed each month.

Working a little longer lets you decide whether there's a cure for that "short-timeritis" - or if doing more after you rewire is what really matters most.

Fool contributor *Rich Duprey* recently retired from one job and has taken up a whole new career. The Motley Fool is [investors writing for investors](#).

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