

RETIREMENT TIME BOMB?



You weren't planning on making retirement decisions so soon. You thought you had years to go before you entered the critical transition period, where the choices you make now set the stage for the next 30 years of your life.

But the timer is ticking. You've got to make good decisions, fast.

Most folks at this crossroads have arrived from three paths. Which one is yours?

You've been let go from your former employer.

With experience comes wisdom—and often more expensive benefits that the firm no longer wants to pay. Can you afford to retire on what you have saved?

You've been offered a retirement buyout. It's tempting, but is it the best deal for you?

Will the package explode your plans down the road? What do you need to know to make the best decision?

You were dedicated to your career and loved your job for years and years ... until now. You're not sure if the hours are worth it anymore, but you don't know if early retirement is the right move. Would it be better in the long term if you continued until full retirement age, even though you must make personal sacrifices to do so?

Whether your employer dropped the bombshell on you or not, you're suddenly at a crossroads you didn't expect. You need to evaluate your options speedily while sweeping up all the information you need to head in the right direction.

This timely guide is designed to help you quickly make good decisions about your future and discover whether you can afford to “cut the wires” that connect you to the workforce.

Questions you might be asking yourself include:

- 🕒 What do I need to know to decide whether I can retire early?
- 🕒 Is my financial situation stable enough to last throughout my lifetime (as well as my spouse's)?
- 🕒 Will I need to continue to work after my “retirement”?
- 🕒 How will my family react to me no longer working?
- 🕒 What resources can I count on to help me with this situation?

IF THESE QUESTIONS RESONATE WITH YOU, KEEP READING...



QUESTION #1:

Do I have enough money to retire?

Leaving the workforce can be a difficult transition for anyone, even without a short fuse on your retirement countdown. Throughout your life you've brought in a regular income and added to your investment assets. Now you're facing the critical transition from income generation to drawing down your savings to fund your expenses.

If you're too young to claim Social Security, you'll need to create a plan to bridge the income gap until you reach claiming age. If you're under age 59½ you may be penalized for drawing down retirement accounts (on top of the potential tax bill you'll owe).



Many people in your situation seriously consider taking another job. But it could be hard to find another position that rewards your experience and work ethic.

Even if you've got enough cash on hand to avoid drawing on your investments, you may still want to adjust your investment mix. When you're on the brink of exiting the workforce, protecting your money from fluctuations in the stock market becomes critical. Preparing your portfolio to ride out bear markets and recessions is key when your portfolio is the foundation of your retirement lifestyle.

Critical planning questions to ask include:

- 🕒 Where will my income come from if I retire?
- 🕒 How will I change my portfolio to have the right mix of investments?
- 🕒 Will I face penalties and taxes by starting distributions now?
- 🕒 How comfortable am I that my portfolio can withstand a recession in the near future?
- 🕒 Should I ask for advice from someone who has experience in these situations?

QUESTION #2:

Will I be able to sustain my current lifestyle?

You may or may not have a detailed understanding of your current household expenses. Developing even a general understanding of your budget now will help avoid problems later. If you make adjustments quickly enough, you may have a better chance of a comfortable early retirement.

If you're in the position of being able to choose early retirement instead of having it thrust upon you, the cost of quitting or taking a buyout package may not be immediately clear. It's important to evaluate the tradeoffs between a work-free life you enjoy and the cost of cutting back on expenses.

Don't forget to consider "hidden" costs that can sabotage your golden years. You could end up caring for elderly parents and having your buying power eroded by inflation, for example.¹ Get the information you need quickly, and make sure you're not missing anything required for a good decision.

Critical planning questions to ask include:

- 🕒 What are my annual expenses?
- 🕒 What expenses will vanish when I'm not working?
- 🕒 Is what I've accumulated so far enough to cover my lifestyle?
- 🕒 Will I need to take another job?
- 🕒 Who can help me address the unknowns in my plan?



QUESTION #3:

What do I need to know about health care when my employer plan no longer covers my family and me?

Aside from your employer, you may be eligible to get coverage through state exchanges or COBRA.² Right now it might not be clear how extensive or expensive these alternatives are, though they're likely to cost more than your employer coverage.

Health care and related costs could wreck your financial plan if not carefully planned for. You're generally not eligible for Medicare until age 65, and even then you may face additional costs for supplemental insurance and long-term care.



If you were offered a retirement buyout, your employer may provide health care coverage for a period of time after you leave. You'll need to determine if it's enough to cover you until you reach Medicare eligibility.

It's critical to maintain health insurance coverage, because health status can make it very difficult to get on a new plan. And such a plan could be much more expensive. Therefore you must figure out your best course of action quickly, before you lose coverage.

Critical planning questions to ask include:

- ⌚ What happens to my healthcare when I leave my employer?
- ⌚ Do I have a plan to cover the health needs for my family?
- ⌚ Is long-term care insurance appropriate for me?
- ⌚ Is there someone who can provide good advice on paying for medical costs in retirement?

BONUS:

How do I evaluate my early retirement package?

Extremely tempted to take the money and run? You'll want to be sure your decision won't blow up in your face later. The package must provide enough funding and benefits for you and your family so your money lasts through retirement.

The viability of the package doesn't just depend on the lump sum payment typically offered. Benefits that work for someone who's five years away from being able to claim Social Security might not be right for someone ten years away.

Other confirmed job prospects are an additional factor in your decision. It could be a no-brainer if you've got potential employment offers already lined up. But if you don't, the package may not be enough to finance your exit.

Conversely, your current employer's financial health and ongoing prospects are also considerations. If you don't take the early retirement package, the next bombshell could be a pink slip. If the

company isn't in good financial shape, they may not be able to pay everything they owe you when you need it.

Critical planning questions to ask include:

- ⌚ What are the trade-offs I'll be making by taking vs. not taking the buyout offer?
- ⌚ Do I feel reasonably certain I'll be able to find another job right away, and do I want to?
- ⌚ Will this package be enough to finance my early retirement?
- ⌚ Am I asking the right questions?



Defuse Your Early Retirement Bombshell and Create a Clear Path to Your Future

You have a limited amount of time to make critical decisions that will affect your golden years, whether or not you're leaving on your own terms. You can't allow too much time to elapse while you consider your options, but you don't want to leave out any critical factors from the analysis.

You already know it's important to determine whether your financial situation is stable enough to carry you and your family through retirement. But you don't know what you don't know.

You may be deciding whether to take an early retirement package from your employer. Or whether you can stop working because your career is no longer enjoyable. Or what you should do now that you've been let go. Whatever your personal situation, it's imperative to take action soon.

Secure your financial prospects by calling in the bomb squad: a retirement professional who can assist you in making choices that are smart for today and tomorrow. A good place to start defusing potential disaster is by requesting your personalized FREE Retirement Rescue Session.

We can help you figure out if early retirement is right for you from a financial perspective, as well as what you need to know to make that decision. We understand the "known unknowns" in the equation and can help you work through yours.

Seeking advice gives you an opportunity to build a bomb shelter for your financial plan. You've already taken a first step toward making wise choices by reviewing this guide and understanding the consequences of your decisions.

Creating your early retirement defense plan begins with the next step, which is to book a call with us for your FREE Retirement Rescue Session. Schedule it now by calling or emailing us to set up your customized consultation.

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1 - <https://www.businessinsider.com/retirement-expenses-unexpected-healthcare-divorce-2019-6#increases-in-inflation-rates-7>

2 - <https://www.dol.gov/sites/dolgov/files/ebsa/about-ebsa/our-activities/resource-center/faqs/cobra-continuation-health-coverage-consumer.pdf>

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