

Are you planning to retire?

Written by Lawrence Castillo Guest Columnist
Friday, 25 March 2022 05:41



Here are a few things to consider

“Planning to retire? Be sure you have your exit plan in place and remember, when you retire, you never have a day off.” - Lawrence Castillo

‘Layin’ it on the line’

Retirement is not likely to look anything like your parents’ retirement. The economic impact of government actions related to the pandemic, inflation caused by loose monetary policy, and stock market volatility have created craters in even the best-laid retirement plans. Many Americans are considering taking the money and running, opting for early retirement.

Joel a long-haul trucker, says he was initially going to wait another five years before retiring. *“Dealing with a lack of parts for my trucks because of supply-chain problems, frustrating and time-consuming regulatory changes, and inflation have made my life challenging. I’m retiring*

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now instead of later,”
he explained.

Retiring early is a decision many Americans have already made, mainly because their workplaces reduced or eliminated staff. Some workers were offered attractive incentives for taking early retirement by companies feeling the pinch of COVID lockdowns.

Regardless of whether your retirement plans look solid, it's still a great time to review your portfolio's balance and think about for how long you want to continue working. Fortunately, the basics of creating a secure retirement remain the same, except for perhaps a few additional COVID-related caveats. Here are a few things to consider:

Don't count on working forever. Until COVID- working until you dropped seemed like a viable plan. However, results from a 2021 study by the Employee Benefits Research Institute (EBRI) confirm previous findings that indicate nearly 50% of all retirees left the workforce before the original target retirement date. This reality means that people in their 50's and 60's should have emergency plans solidly in place.

Reduce or eliminate as much debt as you can. It's common sense to make debt reduction a priority. You don't want to take a credit card balance, car payment, or student loan with you when you retire, especially when retiring in an unpredictable economy.

Have a health insurance strategy in place. If you find yourself retired before you are eligible for Medicare, you may have to find an affordable policy for those "gap years." Even if you do get Medicare, you'll need to plan for things like co-pays and uncovered expenses. One thing to consider is a health savings account, or HSA, which can help you grow a pot of emergency cash you can use when you retire. Ask your financial advisor to explain the many benefits of HSA plans and help you determine if starting one will work for you.

Finally, no matter what you decide about retiring, meet with a qualified retirement income planner. Ultimately, deciding when to retire may or may not be up to you. However, if you are thinking about leaving the workforce, you should sit down with your advisor and discuss every potential pitfall and how to avoid them.

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Your advisor will suggest more strategies and recommend the right products to help you avoid running out of money when you stop working.

Lawrence Castillo is a member of *Syndicated Columnists*, a national organization committed to a fully transparent approach to money management.

Lawrence Castillo Host of Safe Money and Income Radio. L and C Retirement Income Planners, 4801 Lang St. NE Suite 100 Albuquerque NM 87109.

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By Lawrence Castillo
Guest Columnist