

"Since the pandemic was first declared, over 2 million older workers have exited the workforce for good. But, unfortunately, this is not always by choice."

Forced early retirement is a problem for the entire nation.

In the period after the COVID-19 pandemic was declared a national emergency, thousands of older Americans found themselves out of work. A significant segment of those affected by the economic downturn is over age 50. Many of these older workers had no choice other than to enter an unanticipated early retirement.

Are you prepared if you have to retire early?

Unplanned retirement nearly always creates long-term financial insecurity, especially for the most disproportionately affected group: lower-income seniors. In addition, early retirement has numerous ripple effects on peoples' personal lives and the economy as a whole.

Lower-than anticipated savings and pension payouts, along with the need by some to receive Social Security payouts before full retirement age, means that many seniors will have little to no discretionary income in retirement. As a result, there is an increased probability that millions of seniors will be downgraded from their comfortable middle-class lives and experience economic hardships for which they are ill-prepared.

Only now has the actual number of people impacted by this issue begun to be more apparent. In previous recessions, longevity shielded older Americans to an extent. Post-pandemic, it is more likely to be those who are mid-career finding themselves out of work. Nearly 25% of workers surveyed by the National Institute for Retirement Security say that they have moved up their retirement dates due to the pandemic.

Can you prepare for unexpected early retirement?

Retirement and income planning is and has always been a long-term project. Under normal conditions, it takes many years of strategic investing and saving to accomplish your goals. Yet, even the most meticulously and thoroughly implemented plans are quickly upended by health issues, national emergencies, and economic turbulence. So, are there actions to take to have a better exit if forced to leave your job years ahead of schedule?

One place to begin is to meet with your financial advisor to create a **reasonable Plan B.** Plan B considers all the things that will be unavailable to you due to early retirement. In addition to the loss of steady income, for example, you might be losing employer benefits such as qualified plan matching funds, disability and health insurance, life insurance, wellness programs, or employee assistance programs. Plan B should address worst-case scenarios and outline ways to offset these losses, such as the purchase of low-cost supplemental insurance.

Make healthcare coverage decisions a priority.

When you leave your job early, you may elect COBRA coverage if you lose your employer-provided insurance. However, COBRA coverage is both expensive and available for only a limited time. In addition, if you aren't near Medicare age, you need to partner with a

health insurance specialist to ensure that you won't have coverage gaps when you are not working.

Include your spouse in all your planning

In general, most financial planning works much better when both spouses are involved. In addition, shared responsibility in managing income, taxes, and investments helps ensure the longevity of your retirement savings. If you are married and pool incomes with your spouse, you should align your retirement plan options with your spouse's to create maximum efficiency. Planning together gives you better odds of success when maximizing your long-term income, social security benefits, and taxes over time.

Summing it up:

Early retirement is not something most of us anticipate. Unfortunately, however, circumstances beyond your control could force this decision on you. Making a Plan B now will go a long way toward giving you more control and a greater sense of peace. Also, understanding the implications of the situation will help you avoid making decisions in a panic that could create economic hardships later in your life. Partner now with a knowledgeable and experienced planner to help you build your financial lifeboat.

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‘Layin’ it on the line’
By Lawrence Castillo
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