

## Working Longer on Your Terms

Many of today's retirees want to continue working but on their terms. Often prior to fully retiring people choose to move to work part-time, do consulting, or use this transition period as an opportunity to start their own business. Continuing to work can provide you with the necessary income to delay drawing from your investments, but it also may afford you the ability to continue saving. With increasing life expectancies and decreasing pensions, just a few extra years of continued savings instead of withdrawals can go a long way to helping make sure you can live the kind of retirement you planned. As with most decisions, there are benefits and considerations.

Some of the benefits are:

- More years in which to earn Social Security and/or pension benefits
- Larger pension and/or Social Security income due to the delay in starting them
- Employer health insurance (which means only paying the employee cost of premium until Medicare at age 65)
- Maintaining and/or growing your job skills
- Feeling busy and productive which can sometimes be an issue in early retirement

There are many advantages to working longer but keep in mind there are a couple items you will want to pay close attention to:

- Taxes – Taking Social Security benefits or a pension on top of your regular earnings could put you in a higher tax bracket and/or make your Social Security benefits taxable.
- SS / Pension – Many pensions max out at 30 years and working past that point could even result in reduced benefits. Also, Social Security may withhold benefits if you earn too much income. For both of these income sources you should be mindful of how working part-time may impact your benefits. Some plans use an average of your last five years of wages to calculate your benefit.
- Healthcare – If you're eligible for Medicare (age 65) then you need to be cautious. Sometimes having both Medicare and an employer medical plan can mean more out-of-pocket expenses for

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you. If you delay parts B & D of Medicare you want to be sure you have creditable coverage and don't miss your window to sign up. Failure to do this properly could mean a permanent penalty added to your Medicare Part B costs.

Continuing to work, even part-time, is a great way to enjoy the retirement of your dreams. It's important to consult with a financial professional to analyze all your options.

This article written by Sandra J. Wagner, CFP®. Sandra has been helping people with their finances since 2001. She is a CERTIFIED FINANCIAL PLANNER™ professional and CEO of Wagner Planning.

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