

Should
you delay
retirement?

If you plan to delay retirement, you're not alone. Over half of U.S. adults 60 and older say they plan on putting off leaving the workforce, according to a new Harris poll. But is that wise?

If you love what you do, staying in your job may be exactly what you need.

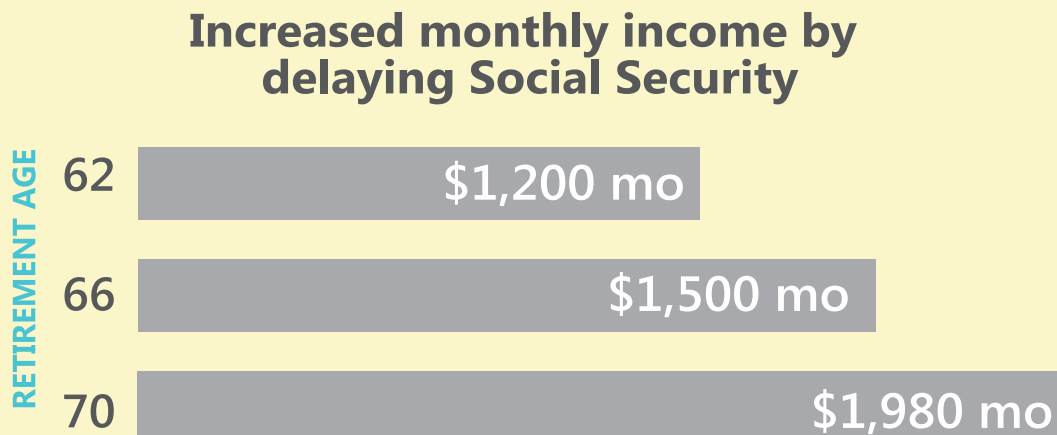
Though the economy can be cited for the reason many chose not to retire, delaying retirement, in many ways, is not a bad thing.

If you'd like to save a bit more before leaving the workforce, working in your 60s and putting a significant portion of income toward retirement is a good option. Given that most people in their 60s make quite a bit more than they did in their 20s, those last few years of saving could really boost your retirement fund.

In addition, delaying collecting Social Security will increase your payment over time, resulting in more future income. For example, say when you first

become eligible for Social Security at 62 you decide to collect your reduced payment of \$1,200 a month. If you wait to claim Social Security until you reach your full retirement age (between 66-70 depending on birth year), that monthly payment could increase by up to 25 percent, resulting in \$1,500 a month. If

you're able to delay taking benefits for eight years after first becoming eligible, or until you're 70, your benefits will jump another 32 percent to \$1,980 per month. With the average person living well into their 80s, that extra boost in income over ten-plus years could have a large impact on your long-term retirement lifestyle.



Delaying retirement has obvious financial benefits, but there are some emotional perks that come along with it too. For most people, the workplace is a natural social setting. It provides daily interactions with a diverse group of individuals. In an Economic Affairs survey of 9,000 retirees, approximately 40 percent reported feeling depressed. Having a regular schedule that includes social interactions can help prevent the retirement blues. If you love what you do, staying in your job may be exactly what you need.

Though there are significant positives to retirement delays, there is one main negative. A delay in leaving the workforce may mean that you have not saved enough to retire at retirement age. According to a survey from the Employee Research Benefit Institute, more than 70 percent of workers who indicated that they and their spouse had no retirement plan, reported having less than \$1,000 to fund their retirement, and only 18 percent felt confident they could retire at all. If delaying retirement is your plan by default... that could lead to trouble.

By the time you reach retirement age, according to Fidelity Investments, you should have eight times your annual income in savings to reach an 85 percent

replacement rate when you retire. Other advisors, like Aon Hewitt, suggest that number be closer to 11 times final pay.

Either way, if your retirement plan is to keep working, you're betting on the fact that you will be able to work into your 70s. Realistically, as we age, health issues become more likely. An Employee Benefit Research Institute survey found that 47 percent of current retirees were forced into retirement because of health-related issues. If a serious illness or injury were to occur, working through retirement would no longer be a feasible option.

When it comes to delaying retirement, the reason behind your decision really matters. If you love your job, want to earn extra money for travel, hope to delay claiming Social Security or simply like the social dynamic of the office — that's great! If, however, your entire retirement plan is to work until you can't any longer, it may be time to talk to a financial advisor about your options.

In the end, delaying retirement could prove to be a smart decision. But make sure you're delaying retirement for the right reasons, and make staying in the workforce a choice, not a necessity.



