

6 QUESTIONS TO ASK WHEN MAKING THE DECISION TO RETIRE

You've worked hard and you've reached the point in your life when you're considering retirement. How can you decide if the time is right? Your annual expenses may depend on your non-financial goals in retirement. What is your plan in retirement? As you determine what will bring meaning to your life in retirement, travel, time with family, charitable work or other desires (such as a different career) become of importance as your priorities may change. As you look at your future in retirement how will it affect your finances/budget? Here are a few questions to think about as part of your planning.

1. **Will I have enough money?** This is a critical question if you are going to meet your needs and wants and enjoy your new life in retirement. Assessing your post-retirement financial situation can be challenging because it can be hard to determine exactly how much income you will have or what your expenses will be. As a starting point, it's possible to get a sense of what your Social Security income will be based on your Social Security earnings record and the age you choose to retire by using the calculators on the Social Security Administration site (ssa.gov/planners/calculators). Try, as well, to estimate the income you will receive from other sources, such as pensions and investments and any consulting or part-time work you plan to do.
2. **What will my costs be?** It's also possible to create a budget of your expenses in retirement using your current expense budget and making any potential adjustments, such as lower housing costs if you expect to downsize or pay off your mortgage. You can update your income and expense estimates annually as you get closer to retirement to be sure they remain realistic.
3. **How long will your retirement income last?** Those who reach age 65 today can expect to live an average of about 20 more years, according to the Social Security Administration, but keep in mind one-quarter of those will live past age 90. You can guess by using a life expectancy calculator (like the one at ssa.gov/oact/population/longevity.html), but keep in mind this is only a guess and does not usually take into account your lifestyle or risk factors that can increase or decrease life expectancy.
4. **When is the right time to take social security?** You can begin receiving Social Security benefits as early as 62, but as tempting as it sounds, that may not be your best choice. If you start collecting benefits before your full retirement age, they will be reduced. If you wait until full retirement age (which varies based on the year you were born), you'll get a higher monthly benefit. Put off retirement until age 70, however, and your benefits will be even higher. Your CPA can help you understand your options and make the best decisions for you.
5. **What about health care costs?** This question is top of mind for many people. Only 54% of workers are very or somewhat confident they will be able to afford medical expenses in retirement, according to an Employee Benefit Research Institute survey, and only 38% think they'll be able to count on the same Medicare benefits retirees receive today. It's wise to factor potentially higher health care costs into your retirement budget planning.
6. **Do I actually want to quit?** Jobs can offer a great deal of fulfillment as well as social interaction, and many retirees miss both when they quit working. One way to prevent that problem is to plan in advance how you'll spend your time. Will you continue to work part time, become a volunteer, pursue educational interests or travel? Do your plans fit with your expected financial situation? Considering these issues in advance can improve your chances of an enjoyable retirement.

Retirement can be an exciting time of life, but there can be a lot of uncertainty when it comes to planning for retirement and deciding when to do it. The good news is your local CPA can offer you the information and insights you need to make important financial decisions. In Oklahoma, you can find one, even one who specializes in financial planning, for free and get a free 30-minute consultation at FindYourCPA.com.