



retirementrevised

TIMING YOUR RETIREMENT

How long you work is one of the most important factors affecting retirement security. How will the pandemic impact your retirement timeline?

One of a series of guides and podcasts by journalist and author Mark Miller



TIMING YOUR RETIREMENT

How long you work is one of the most important factors affecting retirement security. But the pandemic threatens to upend the retirement timing plans of millions of Americans. In this guide, we consider the key issues and questions facing older workers navigating the last part of their careers in the age of COVID19.

Podcast

This guide is paired with a [podcast interview with career expert Kerry Hannon](#) on innovative approaches to generating income in the pandemic-induced economic downturn.

The importance of timing

Income from work is one of the most critical components of your retirement plan, especially in the last decade of your career. It's a time when most people enjoy career-high earnings, so the timing of retirement is a major financial inflection point.

Working even a few years more - or less - will impact your retirement math significantly. The timing affects the number of years that you will rely on savings to meet living expenses. It impacts

the number of years that you contribute to retirement saving accounts.

And perhaps most important, working longer helps sets the stage for a [delayed Social Security claim](#) by providing income to meet living expenses while you wait to file.

But even before the pandemic began, setting a retirement target date and sticking was very difficult for many people.

According to the Employee Benefit Research Institute, 33 percent of workers expect to retire between the ages of 65 and 69, and 34 percent at 70 or beyond, or not at all.

Yet a study by the Center for Retirement Research at Boston College found that 37 percent of

workers retired earlier than planned – and that the odds of success fell as the goal became more ambitious. In that study, among the 21 percent of workers who said they intended to work to age 66 or later, 55 percent failed to reach that target.

Before the coronavirus, the most common causes for unexpected early retirement are health problems and job loss. But the study uncovered clear reasons for unplanned early retirement only in about one-quarter of cases.

Other reasons are more difficult to measure. The pull of leisure activities and time with family are factors, along with possible age discrimination. But the quality of work also matters.

Health issues and the pandemic

Growing evidence points to a wave of premature retirement due to the pandemic. Jobless rates for workers over age 55 are running higher than for younger groups - a trend that is abnormal compared with most recessions.

College calculates that 44 percent of workers ages 55 to 64, and 47 percent of those 65 and older, had jobs in 2018 that could be done remotely. But 30 percent of workers 55 to 64 have physically demanding jobs – a figure that rises to 40 percent for black and Latino workers.

workplace would violate the Age Discrimination in Employment Act, according to guidance from the federal [Equal Employment Opportunity Commission](#). The law protects all workers 40 and older, and covers employers with 20 or more workers.

An indistinct line

Retirement dates often are not hard-and-fast dates. Researchers find that retirement is sometimes phased-in gradually; for some, there will be "bridge" jobs between full-time work and retirement. That likely will continue in the pandemic era.

For married couples, there's an additional factor to consider - one that could be helpful financially: it's rare for both spouses to retire simultaneously. For a majority of couples, there is a "discordant" phase, when one spouse works longer than the other.

A survey by Fidelity Investments found that 43 percent of married couples disagreed about the age when they will retire.

Continued income from one spouse can help insulate couples from post-retirement financial shocks, such as an emergency health problem or a large home

Premature retirement

Jobless rates for workers age 55+ are running higher than for younger groups - an abnormal trend.

A key problem, of course, is that older people face disproportionate health risks in the pandemic. While they are no more likely to be infected, rates of serious illness and death are higher.

Many older workers have been able to work remotely during the pandemic. The Center for Retirement Research at Boston

If you have been laid off and hope to get back to work, but don't want to return to the physical workplace, it's important to know that employers are not required to accommodate you because of your age under the federal Age Discrimination in Employment Act.

On the other hand, an employer who uses age to exclude older workers from returning to the

repair. Steady income also could enable one or both spouses to delay their Social Security claiming. Or it could help the retired spouse to pursue a passion or entrepreneurial project.

In some situations, staggered retirement enables both spouses to stay on employer-subsidized health insurance, reducing

Managing risk

Morningstar researcher David Blanchett dug more deeply into the retirement timing data. He found that assumptions about working longer actually can work against you financially if retirement comes sooner and savings fall short.

Blanchett found that people who

Blanchett then measured the probability of retirement plan success for people who make it to their planned retirement ages against those who do not. That was done using Monte Carlo analysis, which uses algorithms to serve up a range of possible outcomes.

Blanchett's findings suggest that you think carefully about "what if?" scenarios - considering the impact of an earlier-than-expected retirement date. If you are a do-it-yourselfer, most online planning tools can help you make alternate projections. So can your financial adviser.

But his key finding is that people need to save more, to protect against overly optimistic assumptions of a delayed retirement. How much more you should be saving depends on how long you hope to work and your expected annual rate of withdrawal. For example, if you aim to work to age 69 and withdraw 4 percent annually, the amount of money you are saving now should be ratcheted up by 80 percent (that should be easy to do - right?).

Risky assumptions

Assumptions about working longer actually can work against your retirement plan.

premium and out-of-pocket costs. That can be especially meaningful if one spouse is no longer working but has not yet reached the age of Medicare eligibility (65) and might otherwise face high (unsubsidized) premiums on the Affordable Care Act insurance exchanges.

plan to retire earlier than age 61 tend to retire later, and those who plan to retire after 61 retire earlier than expected. Each planned retirement year (earlier or later) results in a half-year difference in actual retirement age. For example, people who plan to retire at age 69 likely will retire at 65.

Work is a financial asset

Since late-career income is so important to your retirement plan, learn to think of your work as a financial asset that needs careful management in the years leading up to retirement. Some researchers refer to labor as your "human capital" - that is, your

continue to surface - for example, Propublica in 2018 documented [widespread age discrimination at IBM](#), and a group of employees recently sued the company, accusing it of failing to comply with federal employment law.

Managing change

One silver lining in the current job

arrangements, she adds. "When you work remotely that might mean learning new computer programs and communication tools, such as web conferencing, video chats, and other tools, and making sure your typing skills are up to par."

Hannon also urges bringing some creativity to bear in thinking about your work if you are seeking out a part time gig. "You don't need to replicate your old job," she says. "How can you redeploy existing skills? You may already have the skills that will help make it work for you," she adds, citing as examples organizational skills, an ability to focus, self-discipline, communication skills (both verbal and written), time-management skills, and a self-reliant ability to work independently.

Hannon suggests checking out the career sections of companies that interest you, or sites of companies that specialize in connecting workers with work-from-home jobs. These include [Flexjobs.com](#), [remote.com](#), and [WAHVE.com](#).

Skills assessment

Make an evaluation of your current skills and how they match up to positions you might seek before or after retirement. LinkedIn is a

Evaluate your skills

"Look at the people doing things that might interest you - what skills do they require?"

capacity to create economic value through work.

Age discrimination remains a challenge to creating that value.

A 2009 U.S. Supreme Court decision made it tougher for workers to prove age discrimination claims under the Age Discrimination in Employment Act. And high profile cases of alleged discrimination

market is the rising number of employers who will be more open to remote work arrangements, often on a parttime or contract basis, says Kerry Hannon, an expert on career transitions, entrepreneurship and retirement. "This time of mandated shuttered offices is getting more employers to warm up to this idea," she says.

Technology skills will be especially important in these work

good resource for this exercise, suggests Marci Alboher, vice president of Encore.org. "Look at the profiles of people doing things that might interest you and look at those jobs - what skills do they require?"

If you're coming up short, Alboher recommends LinkedIn Learning as

scenes. It's also a networking opportunity."

None of this is easy. "It's very tough to think about shifting away from the work that is familiar," says career coach John Tarnoff. "A really critical piece of the transition is to first admit the situation. Lots of older workers are in denial,

Physical fitness helps fight ageism in the workplace. "I don't mean bench pressing or running a lot of miles, but just walking your dog or doing something for 20 minutes a few times a week. You'll have more energy and a positive vibe that hiring managers will recognize, and people will want to be around you.

Financial fitness means creating a budget and looking for financial flexibility to accommodate changing income.

Spiritual fitness? "Quite simply, this is a very stressful time in all of our lives as the job market is shifting as our skills are shifting. We're concerned and anxious. So if you can have a place of balance that you can go to - yoga, tai chi, whatever it might be meditation, that helps you feel centered, it will really help."

Denial

Many older workers expect to just keep going as long as they can, not realizing that they will run out of runway in their fifties.

an inexpensive place to acquire new skills (Marci hosts her own course there on Encore Careers).

Another way to acquire new skills is through volunteer work, or by doing an informal internship that offers the opportunity to learn. "Do yourself a favor - try doing a job first before you make a commitment," says Hannon. "It's a great way to get in the door and see what goes on behind the

thinking that they will just keep going as long as they can - they're not really looking strategically at the fact that they're going to run out of runway with their jobs sometime in their fifties."

Work "fitness"

Hannon describes a "fitness program" for staying engaged and employed: "At this stage in your life you need to get financially fit, physically fit, and spiritually fit."

JUST FOUR MORE THINGS

If you want to delve further into career strategies for older workers, here are some of my favorite books and online resources.

1

Great Jobs for Everyone 50 + - Kerry Hannon's guide to job hunting in your fifties and beyond. Full of terrific career ideas and job hunting advice, right down to the correct font to use on a resume.

2

Great Pajama Jobs: Your Complete Guide to Working from Home. Kerry Hannon's latest book looks at gig work you can do from home.

3

Online class on encore careers. Marci Alboher, vice president of Encore.org, teaches a free class on encore careers at LinkedIn Learning.

4

Careerpivot.com. Career coach Marc Miller hosts small cohorts online of 50+ workers every couple months to come together to share and learn together. This is a paid membership service.